S. 698—INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

TUESDAY, MAY 14, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENTAL OPERATIONS,
Washington, D.C.

The subcommitee met, pursuant to notice, at 10:15 a.m., in room 457, Old Senate Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senators Muskie and Baker.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order.

Unfortunately, we do not have a public address system. The committee rooms are so filled with hearings these days that it is hard to get a room to be heard. I trust we will have microphones tomorrow, but today we will have to get along without them, which ought not to be too difficult.

Our first witness this morning is an old friend and colleague from the Advisory Commission on Intergovernmental Relations, Mrs. Gladys Spellman, Commissioner of Prince Georges County. I know that your testimony will be most worthwhile as I have listened to the contributions you have made in public forums. Mrs. Spellman, it is a pleasure to welcome you this morning.

TESTIMONY OF MRS. GLADYS SPELLMAN, COUNTY COMMISSIONER, PRINCE GEORGES COUNTY, MD.

Mrs. SPELLMAN. Thank you, sir. When you say you have listened to me in other forums, you are not kidding, are you?

But, it has been such a real pleasure working with you, and I mean this sincerely. It has been an inspiration. You are just, I will say publicly, great, You really are.

Senator MUSKIE. Thank you.

Mrs. SPELLMAN. I am here today serving as a representative of the National Association of County Officials.

Can I be heard up there?

Senator MUSKIE. Yes. Senator Baker is younger than I am, so I am sure he can hear.

Mrs. SPELLMAN. I was just, as a matter of fact, telling the story that Senator Baker had told up in Detroit on how his father-in-law had pointed out to everyone that he was not politically inclined and would get nowhere in politics.

Senator BAKER. Well, I still have some hope.

Mrs. SPELLMAN. You will have to develop your voice just a little bit more. You are doing quite will, but a little more and you will be there.

At the outset today, the National Association of Counties would like once again to express its wholehearted support for the Intergovernmental Cooperation Act of 1968. This is the fourth year that NACO has come before you to endorse this important and necessary legislation. It is disappointing that such fundamental correctional legislation, embodying concrete and desirable alterations in the administration of our Federal Government's massive grant-in-aid program, has not already been enacted and implemented. We would like to commend this committee for holding hearings again this year. In an era of intergovernmental relations, creative federalism, if you will, this bill almost cries out for action.

The problems with which this legislation concerns itself are myriad. They involve the effective and efficient operation of our grant-in-aid system. They concern the viability of local-State-Federal relations. Federal aid funds have quadrupled since 1955. And so, unfortunately, have the problems of all levels of government, both with regard to the implementation of programs to meet the crisis of public service to our citizens, and with regard to the procuring and administering of funds to meet the increasing demands. The Intergovernmental Cooperation Act would give impetus to the huge task of coordinating at all levels of government. It would make more effective and equitable the Federal Government's $17 billion grant-in-aid programs, its use and acquisition of land in urban areas, and its relocation assistance policies.

We are all familiar with the problems which our State and local governments encounter with regard to obtaining the administering Federal grant-in-aid funds. Briefly, they are:

(1) Long delays and continued uncertainty from application to final funding.

(2) Lack of adequate priority ranking systems.

(3) The enormous local machinery and capacity to coordinate the 359 grant programs at the point of impact.

Many counties just cannot tackle this problem adequately.

(4) Lack, in many Federal programs, of a requirement involving the active and continuing participation of local elected officials.

And to me this is a most serious oversight.

(5) Overlap of comprehensive planning requirements for each program, and the lack of coordination of required functional plans.

(6) Confusion at the point of impact as to the duplication of Federal efforts. And I cannot begin to tell you how much confusion really exists. Our one Federal agency does not understand the programs or the problems of the other, and the State and local government are enmeshed in this mass.

Well, that seems to paint a pretty bleak picture, but I am happy to say there is a positive side.

NACO is extremely pleased with the cooperative steps which have been taken by many departments and agencies to deal with the above problems that I have outlined. The Department of Housing and Urban Development has recently published a priority system for its grants

under the open space program. The FHA recently in our county agreed to keep us advised of low-rent projects approved within our jurisdiction so that our community development department can be prepared to take by the hand people living in substandard housing to guide them into new projects. Until now we would learn of such projects only by reading about them in the newspapers.

Unfortunately, many departments are not cooperating as well. Many are not utilizing the A–80 and A–85 procedures to the extent which could maximize their efficiency. The proposed legislation, we feel, will contribute greatly to the progress underway, individually and between agencies, to coordinate better and make more effective our Federal grant-in-aid programs.

Grants-in-aid have played and will continue to play a crucial role in serving the national interest. They have helped facilitate change—change in perspective and priorities, in thinking, and in action to combat major social and economic problems. They have promoted innovation and breakthrough in getting to the roots of those problems, although too many programs today are still merely hacking away at the branches. But the Federal aid program needs more than a considerable shaking up if it is to make any more than a dent in the accelerating problems which threaten to overwhelm all local governments in the 1970's.

Federal aid programs must be designed and administered to provide greater flexibility and discretion at the local level and they must be administered in such a way to avoid the chaotic effect which present grant-in-aid programs have on budgeting procedures. The Federal agencies at present do not sign contracts in conformity with their fiscal year, our fiscal year, or anyone else's fiscal year.

We feel that Congress, through the proposed legislation, can effectively guide and improve the impact of our present Federal aid programs. Some of the proposed changes are indeed simple in concept but they will go far to enhance the future of creative federalism.

Title II, for instance, improves administration of grants-in-aid to the States, and title III, permits Federal departments and agencies to provide special and technical services to State and local governments. It seems to us axiomatic that the Governor of a State should have access to information relating to the purpose and amounts of Federal aid coming into his State. It has always seemed to us that excessive redtape is created when a State is required to deposit Federal money in a separate bank account.

Counties, too, are often victims of continuing obsolescent administrative practices. Not all are as fortunate as my county of Prince Georges. Often counties do not possess the talent and the financial resources to modernize. Specialized and technical services developed through the use of Federal tax dollars should be made available to local governments so that they may benefit from this expertise. We find it within the desirable goals of intergovernmental relations that local government should be allowed to contract for special and technical services with Federal agencies who developed the requisite know-how and abilities.

Because of their areawide and regional character, counties are often the unit of government best equipped to carry the ball with such regional programs as air, water, waste control, area traffic and road

programs, mass transit, open space, and so forth. Consequently, the Nation's 3,000 counties are experiencing new surges of life. Opening up Federal and technical assistance to these local governments, coupled with the extensive provision of the Intergovernmental Personnel Act which passed the Senate last year, will do much to assure continued progress at the county level in these vital areas.

We wish to emphasize particularly the vital necessity of title IV of this bill, providing for coordinated intergovernmental administration of grants for urban development. For years the Federal Government, by impact of certain grant-in-aid programs, has been hindering the development of viable, responsible, general-purpose, local government. We refer to the large amounts of Federal moneys which are not channeled through the units of general local government, but rather through private individuals or special-purpose units. This, in many cases, further fragments local government's ability to coordinate the impact of Federal assistance. A Federal policy minimizing this practice to the greatest extent practicable would go a long way in developing the capacity of general-purpose units of government to exercise responsibility for public needs.

Sections 401 and 402 are vital if we are to discontinue the errors of the past. Prince Georges County has made a great effort in time, energy, money, and yes, in heart, to study in depth, our housing problems and the needs of our underprivileged citizens. We know what we must do, we know what we must have built, we know where we should encourage such building projects, and we are making a real effort to solve the problems utilizing both public and private capital.

But, and this "but" is an enormous but, developers are being granted financing by the Federal Government in very, very large sums to build 221(d)(3) low- and middle-income projects in our county, not where they would help us, but in many instances where they may do considerable harm. Instead of placing a little of this housing here, another project there, fitting them into the community so that they do not downgrade their surroundings, but instead serve to upgrade their old tenants, we find huge developments about to be built in such a manner that we can predict that they will become the tenement slums of tomorrow. All our planning, all of our know-how, all of our hopes for the future are just being set aside.

For the Acting Director of the FHA, a most cooperative gentleman, sees and understands our problems. But he knows that we have good intentions and that we have been working to carry them out, and he has made every attempt to cooperate to the best of his agency's ability, but Congress neglected to insert one important factor in its enabling legislation for these housing programs. It neglected to allow the local government a voice in determining, first, how much low-income housing it needs, the size of the projects to be built, and their placement for maximum benefit and minimum adverse effects. And so you see, it is ironic that on the one hand, Congress, through the model cities program, encouraged us to take a comprehensive approach to our problems, but on the other hand, Congress did not permit a Federal agency to respect our local government's attempt to utilize the comprehensive approach.

Section 401 recognizes the need for cranking the local government into the decisionmaking process, and it will greatly assist our counties

in their efforts to grow into the viable units they are capable of becoming.

Section 402 recognizes the need for granting funds through the general-purpose unit of government rather than the special-purpose unit in order to promote the coordinated approach to problem solving, and we feel the sections are vital to the future success of any consolidation program.

Another area we would like again to add our endorsement to is title VI, consolidation of grant-in-aid programs. NACO has continually supported the consolidation of categorical grant-in-aid programs into broader, functional, grant programs which can be more effectively related to State and local planning processes. We have endorsed the "bloc-grant" approach in the administration of comprehensive health partnership relations. Our American county platform, for example, urges the creation of a new Federal category of public assistance based upon the single criteria of need, and with a single Federal formula as contrasted to the categorical, all with separate formulas, separate eligibility requirements, separate recordkeeping requirements. We believe that consolidation of aid to the aged, the blind, the children, and the disabled, would be a good example of what might be done. There are many other examples. The water-sewer programs, presently administered by four Federal departments, deserve further attention with regard to possible consolidation.

By virtue of the overlapping jurisdiction of the various departments, and the consequential myriad of authorizations for these programs, we approve of the provision enabling the Executive Office of the President to initiate these consolidations, with congressional consideration as provided in section 603.

We would hope that the purposes of any consolidation as listed in section 601 would thus blossom into the bloc-grant approach so much discussed these days, but so often misunderstood. We should like to make clear our understanding of what we envision a consolidation into a bloc-grant approach as achieving.

Although bloc grants are defined in a variety of ways, we view them as an allocation process by which State and local governments receive Federal funds to be used for one general area of need; for example, health. Furthermore, the recipients have broad discretion and flexibility in their use, in order to best meet their own individual needs and requirements. All too often today governments are skirting their individual needs by patterning their programs to fit the grant criteria rather than to fit their own actual situations.

The bloc grant would have an immediate impact on developing local management capacity for the coordination of their own activities as well as Federal grant programs. Regardless of coordination progress at the Federal and State level, confusion will continue until coordination takes place at the city and county levels.

As you know, in previous testimony, NACO has endorsed titles IV, V, and VII of the bill. I should like to reiterate our policy on these important areas by quoting from portions of our American county platform, the entire relevant sections of which are reprinted in the appendix to our testimony.

I quote:

Federal aid for urban development administered by numerous Federal departments and agencies are of vital importance to the Nation's counties. Such pro-

grams, however, must be coordinated with each other and with local planning and decisionmaking and administered through effective and responsible local governments . . .

Few Federal programs have the stated objective of implementing locally adopted plans for development. To remedy these conditions which have an adverse effect on local government, NACO recommends: (1) that Congress remove from Federal aid programs for urban development all limitations which require or promote special districts to the disadvantage of counties and other general units of local government, (2) that effective functional and comprehensive planning be encouraged at the local level to the extent appropriate in all Federal urban development aid programs, (3) that both Federal and State programs encourage joint participation in cooperative projects by local governments through removal of population and dollar limitations and through the use of financial incentives . . . (5) that Congress and the executive branch establish the principle and implement the practice of Federal interagency coordination in the full range of programs affecting local government.

Title VIII, uniform relocation assistance, will attack one of the most glaring problems relating to our various grant programs, that is, inconsistent and inequitable relocation policies. Again, the American county platform spells out our endorsement of this title:

The National Association of Counties supports enactment of the proposed legislation which would establish a uniform and consistent Federal policy for protection of all persons and businesses displaced by direct Federal and federally assisted programs: (1) by compensating for the full costs of such displacements; (2) by requiring provision of a program of advisory assistance and service; (3) by assuring availability of adequate housing as a condition of Federal grants-in-aid, similar to the requirements in the Federal urban renewal program; and (4) by advancing 100 percent of funds for the prompt acquisition of highway rights-of-way for Federal-aid highways and by authorizing State governments to reimburse their State share over the period of the actual construction schedule.

Title VII, urban land utilization.

The acquisition, use, and disposition of real property by the Federal Government vitally affect the local governments where such property is located. Local government must often stand by and see transactions entered into by the Federal Government which are just not consistent with the local government's zoning and land-use practices. Our American county platform recommends that "no such acquisition or disposition of property be made except upon advance consultation with officials of State and local governments sharing jurisdiction where the particular property is situated. What results in many cases where local government is not consulted, is a use not in conformity with local comprehensive planning. Again, here you see it is ironic that our Federal Government should be the cause and catalyst of uses which violate local zoning and land-use planning, while at the same time requiring so many "comprehensive plans" of its own. We feel that the Federal Government, as a partner, should be made to be more cognizant of the desires and plans of local government when it acquires, changes the use of, or disposes of its own lands.

TITLE IX—UNIFORM LAND ACQUISITION POLICY

The need for a uniform Federal policy on land acquisition practices has become increasingly apparent in recent years. Effective implementation of the principles of negotiation purchase, appraisal before negotiation, and providing an opportunity for the owner to accompany the appraiser, will do much to relieve the present congestion of the courts and to assure consistent treatment for landowners.

The many varying procedures caused by the vast increase in Federal programs has resulted in a lack of public confidence in Federal land acquisition practices. Political subdivisions, as owners, are also affected. Local government should be compensated in full for land and facilities condemned by the Federal Government.

TITLE X

NACO endorses and urges the enactment of the recently added title X of the bill relating to accounting, auditing, and reporting of Federal assistance funds. With the terrific increase in Federal grants-in-aid programs, has come a complex of Federal auditing and accounting procedures for local government to adhere to, based upon the various enabling legislation, appropriation acts, departmental regulations, and so forth. A serious question, we feel, exists as to whether the existing financial reporting, accounting, and auditing procedures are reasonable in their demands upon local government. We feel they are not. This is one important area where overall remedial legislation could serve to coordinate the many complex procedures and make it easier for everyone concerned. We are aware that each Federal agency is charged by Congress and by the Comptroller General to insure proper use of Federal funds. We do, however, see the immense usefulness of a system which would foster greater interdepartmental coordination among the various financial management officials administering grant programs. This legislation would permit the Comptroller General to study and review the accounting and auditing systems of the States and upon his approval of their system, would allow the results of State audits to be accepted by a Federal agency in lieu of their own fiscal audits. This discretion of the Comptroller General could also be extended to local governments receiving sizable Federal grants. Adequate safeguards are provided.

We feel this is an area of our grant-in-aid system which has been ignored to date in any efforts to coordinate and make more effective our grant-in-aid programs. It is an area which would save Federal, State, and local administrators a great deal of duplicated and expensive effort.

And so you can see from this testimony that NACO once again wants to express its wholehearted support for this Intergovernmental Cooperation Act of 1968. We are with it all the way.

Senator MUSKIE. Thank you very much.

Mrs. SPELLMAN. I do want to say it has been a pleasure to have the opportunity to come before you.

Senator MUSKIE. The appendix of your statement will be included in the record.

(The material referred to follows:)

AMERICAN COUNTY PLATFORM TITLES IV, V, VI OF THE INTERGOVERNMENTAL COOPERATIVE ACT

2-4. *Federal impact on local government structure and planning.*—The federal aids for urban development administered by numerous federal departments and agencies are of vital importance to the Nation's counties. Such programs, however, to be most effective, must be coordinated with each other and with local planning and decision-making, and administered through effective and responsible local governments.

Currently, almost all such urban development aids to local government are available to special districts and, in many cases, private associations, as well as counties. Overly restrictive population and dollar ceilings on certain grants and loans often discourage more economical joint projects among counties and between a county and municipalities within its borders. Finally, few federal aid programs have the stated objective of implementing locally adopted plans for development.

To remedy these conditions which have an adverse effect on local government, the National Association of Counties recommends: (1) that the Congress remove from federal aid programs for urban development all limitations which require or promote special districts to the disadvantage of the counties and other general units of local government; (2) that effective functional and comprehensive planning be encouraged at the local level to the extent appropriate in all federal urban development aid programs; (3) that both federal and state programs encourage joint participation in cooperative projects by local governments through removal of population and dollar limitations and through the use of financial incentives; (4) that the states more fully assume their responsibility for assisting urban development in the counties by establishing state programs to supplement federal matching grants to local governments for urban development, including adequate organizational machinery for appropriate state channeling or review of such jointly supported programs and for rendering technical assistance to the local governments concerned; and (5) that Congress and the Executive Branch establish the principle and implement the practice of federal interagency coordination in the full range of programs affecting urban development.

2–10. *Incentives in State and Federal grant programs to encourage joint efforts to resolve common problems.*—Numerous services performed by local government are best provided when undertaken on a territorial basis broader than the individual unit of local government. Experience in such fields as open space land acquisition, public health, urban planning, and airports has shown that grant programs can be designed to achieve more effective local services through joint undertakings by more than one unit of local government. The National Association of Counties believes that state and federal grant programs, where appropriate, should contain provisions to encourage joint undertakings among local units of government.

2–11. *State and Federal legislation needed.*—We recommend that in order to strengthen county and regional planning that applications from local governments within a metropolitan area for federal grants-in-aid for airport construction, waste treatment works, urban renewal, public housing, hospital construction, and urban highways be reviewed and commented on by a legally constituted planning agency with responsibility for comprehensive planning for the metropolitan area or region and that such planning agencies be composed of or responsible to the elected local government officials of the metropolitan area.

7–6. *State and Federal legislation needed.*—We endorse adequate state and federal legislation which permits and encourages county and regional planning. When state legislation is inadequate we recommend that state associations take such steps as are necessary to obtain adequate statutory authority. We recommend that federal and state highway programs include appropriate provisions for insuring that highways are located with due regard for good local land planning principles, and that federal and state highway agencies include land planners in their design sections.

We further recommend the enforcement of provisions which would assure the local jurisdictions that problems of drainage, access, etc., which are created as the result of a highway program, would be taken care of by the state or federal agency that was responsible for the construction of the road.

7–10. *Comprehensive planning and consolidation of Federal assistance programs.*—The National Association of Counties endorses the establishment of a federal grant program for comprehensive planning, including physical, economic, and human resources planning, on the local level, and urges that all local functional planning be done in conjunction with the comprehensive planning of a general purpose unit of government reponsible to elected officials. NACO urges the federal government through the Bureau of the Budget or some other agency in the Office of the President to review carefully all planning requirements of federal programs for consistency. NACO supports the consolidation of special purpose aid programs into broader functional grant programs which can be more effectively related to state and local planning processes.

In order that these comprehensive and functional plans can be carried out, it is necessary that federal assistance funds for complex projects (such as

regional sewerage programs) be committed for the length of the project, perhaps several years. NACO urges the establishment of mechanisms within the federal government to assure funds for the completion of long term projects.

9–18. *Equalization in Federal grants.*—Federal grants provide essential financial support to state and local governmental programs by helping to bridge the gap between revenue needs and fiscal resources in support of vital national policy objectives. Their distribution should reflect, therefore, relative inequalities among recipient governments in program needs and in the fiscal capacities to meet these needs.

A. In view of the uneven pace of economic development in different parts of the country, the National Association of Counties recommends that the President require the several departments and agencies administering federal grant programs to review periodically: (1) the adequacy of the need indexes employed in the respective grant programs; and (2) the appropriateness of their equalization provisions.

B. In recognition of the wide interlocal disparities between needs and resources, we urge the appropriate agencies of the national government to examine those grant programs which distribute funds directly to local governments or support local projects in order to: (1) assess the extent to which variations in local fiscal capacities should be recognized in their distribution; and (2) appraise the feasibility of administering effective and equitable equalization provisions in such grants.

C. In view of the wide interlocal variations, we urge the states to recognize, to the extent practicable, disparities in fiscal needs and resources among local governments in the redistribution of federal grant funds.

D. To facilitate these objectives, we recommend further that the Executive Office of the President expedite the development of plans and procedures for assembling the data required for improving measures of state (including local) relative fiscal capacity and tax effort for government-wide use.

American County Platform

Title VIII

Intergovernmental Cooperation Act

2–6. *Government relocation policy.*—Relocation is a serious and growing problem in the United States. Thousands of people and businesses are forced to move because of government projects, and all indications are that this pace of displacement will accelerate. It has been estimated that from 1964 to 1972 the federally aided urban renewal and highway programs alone will dislocate 825,000 families and individuals and 136,000 businesses. Yet in the fact of this large and expanding impact of displacement by government, federal, state and local relocation policies are inconsistent and inequitable. Neighbors displaced by different programs of even the same government are not treated equally. Moreover, those having the most difficulty in adjusting satisfactorily to a forced move are those most often displaced—low income families, the elderly, minority groups, and owners and operators of small neighborhood stores.

The National Association of Counties supports enactment of the proposed legislation which would establish a uniform and consistent federal policy for protection of all persons and businesses displaced by direct federal and federally assisted programs: (1) by compensating for the full costs of such displacements; (2) by requiring provision of a program of advisory assistance and service; (3) by assuring availability of adequate housing as a condition of federal grants-in-aid, similar to the requirement in the federal urban renewal program; and (4) by advancing 100% of funds for the prompt acquisition of highway rights-of-way for federal aid highways and by authorizing state governments to reimburse their state share over the period of the actual construction schedule.

The National Association of Counties urges each state to enact comparable legislation providing a uniform relocation policy for protection of all persons and businesses displaced by state and local programs. Such uniform state policy should also provide for state sharing in local governments' costs of relocation payments in all state-aided projects.

In the interest of economy and the convenience of those displaced, the National Association of Counties further urges federal, state and local governments to cooperate in centralizing responsibilities for relocation, housing, administering

payments and counseling services, to the extent practicable, in a single agency in each major urban jurisdiction.

Senator MUSKIE. I would like to make one point which I think is valid. You referred to the difficulty which you think is being imposed in Prince Georges County by FHA 221(d)(3) housing and other projects that bypass local government. This bill, I am afraid, would not help in that kind of a situation. The FHA program is a loan and not a grant program. And also we address ourselves in this bill to aids to governments and not aids to private sponsors. Whether or not we ought to consider broadening it is a perfectly appropriate question. I do not know what my reaction to that would be, but I thought it would be well to indicate clearly that I think that the bill as written would not touch that problem. I certainly appreciate the great disruption.

Mrs. SPELLMAN. But you would not be making that kind of a mistake in your bill. That was a mistake that was made in the past; you are avoiding that.

Senator MUSKIE. Has that point ever been made? I suppose I ought to know because I am a member of the Subcommittee on Housing, but I cannot recall that that point has ever been made in that subcommitee in connection with hearings on housing legislation.

Mrs. SPELLMAN. I do not believe it has been made. I have just recently come across this and have asked our Congressmen and our Senators to see what can be done to make further changes, because, as you can see, when you are doing a good job of planning, and when you are fully aware because you have gotten a professional staff to do a superb study, and you are now fully aware of what is needed you see a complete misapplication being made. It is pretty disastrous to stand by and watch it.

Senator MUSKIE. It makes a lot of sense, it really does. Well, we will give consideration to this as a possible amendment to this bill. This bill may be carrying about all we can carry. I do not know.

Mrs. SPELLMAN. We might try that on another level.

Senator MUSKIE. Housing?

Mrs. SPELLMAN. Right.

Senator MUSKIE. I was interested in your endorsement on page 5, consolidation of grant-in-aid programs. I wish Senator Mundt were here because he raised an objection to that provision the other day, but I think it was deserving of consideration. I would like to get your reaction. His objection to this provision is that it may be shifting legislative initiative to the executive and even delegating legislative authority to the executive branch, that we ought not to delegate. In a sense, I suppose, the discussions have all this legislation within the Reorganization Act. That really is, I suppose, in the narrowest sense at least, a transfer of the reorganization housekeeping, whereas this could have a lot to do with substantive legislative provisions. I have no difficulty with it, but I can see that there could be. Do you have any response to that at all?

Mrs. SPELLMAN. Yes. I would not have any concern that this was shifting the responsibilities. I think that unless there is full understanding on the administrative level, and unless this work has been done there that we are still going to continue to have confusion. I think it needs to be done there. I think it needs to be done in the local areas, too.

Senator MUSKIE. It may be that we could work out some formula which would make it possible to amend these consolidation plans as presently set up in Congress. That is not possible in the reorganization plan. You cannot amend them. You take them as they are or you reject them. I have not thought it through, but it is possible that we might be able to incorporate a provision for an amendment. If you wanted to address yourself to that question, you might be able to develop some interesting suggestions for us. There have been a number of suggestions made and observations made at the hearings up to this point. I think before I get to them I would like to ask Senator Baker if he has any special questions he would like to put to you.

Senator BAKER. Mr. Chairman, I have no special questions of Mrs. Spellman at this point, except once again to draw attention to page 5 of your prepared testimony where you point out that NACO has consistently supported the consolidated grant and the bloc grant approach. I would like to hear your view on a very general proposition, if I may, and that is whether or not in your view or NACO's view, the concepts of rather specific or specialized categorical grants-in-aid or special purpose or any purpose might not exist effectively with a full-blown system of bloc grants or for more generalized purposes, and even Federal revenue sharing for general governmental purposes, if all three might not work and prosper together?

Mrs. SPELLMAN. I think all three would be an excellent idea because each one has its advantages. There is a great deal to be said for the bloc in a program, as it existed in the past. There is a great deal that has been good, along with a great deal that has been unfortunate, really. It has forced communities to pick themselves up by their bootstraps in order to conform.

Unfortunately, as I have said here, it also forced them to take a less meaningful approach to meeting their own problems, because they were so busy gearing to getting the money that they were having to sidestep some of their own real needs.

Senator BAKER. I think the rationale of those of us who support Federal revenue sharing, is that it is not a panacea for or a solution for all problems. It is frequently misunderstood that categorical programs, bloc grants, and Federal revenue sharing solve separate problems and may exist together. And, it would be my hope, and I am sure it is your hope and the chairman's hope that whatever measures are finally adopted would produce a more economical cost of government, yet retain Federal initiative and pinpoint the accelerated progress in specific areas where obviously the national goals should exist. That generally, according to you, is your overall view?

Mrs. SPELLMAN. Very definitely. I think that the tax-sharing program would be an indication of a recognition that the local communities have grown up and that they really are able to make decisions and spend their money wisely. I would, of course, like to be very sure that the Federal Government puts such provisions on this tax-sharing program so that local governments will not be tempted to just decrease taxes and become very popular there, that they will really spend this money that is given to them through this program for upgrading their communities.

Senator BAKER. I thoroughly agree. This is not the time or place to have a full discourse on the various points of that. In my own proposal for Federal revenue sharing a year ago, we included what we

call the incentive factor; that is, the amount of participation in Federal funds available for Federal revenue sharing related to the effective efforts of the local governments take care of their own needs by local taxation.

Senator MUSKIE. I would like to ask two or three questions. There could be more, but we do have other witnesses. They are about the relocation provisions of this bill. Could you give us some special insights on your experiences and problems in Prince Georges County? Section 807(b) provides for full Federal reimbursement to State and local governments for relocations up to $25,000 for each person displaced, the cost sharing according to the formula governing the particular program for costs above that. With respect to the first $25,000, the Bureau of the Budget proposed cost sharing for the full amount. What would be the impact of the Bureau of the Budget's position or its recommendation in attempting future Federal assistance programs in your area?

Mrs. SPELLMAN. Well, I would say, speaking for counties generally, that it would be catastrophic, really. And this $25,000 is probably very cheap if we look at it in terms of the fact that it provides the real incentive for getting things started. Once a program is underway it is going to continue, but that $25,000 will get it underway. I would say that that would be a false economy.

Senator MUSKIE. The Bureau of the Budget goes in the other direction with another recommendation.

Mrs. SPELLMAN. If they are giving, the answer is "Yes," we will take it.

Senator MUSKIE. It is suggested that the owner of real property taken under a federally assisted program who purchases another home within a year be paid up to $5,000. This $5,000 would be added to the acquisition payment and would equal the average price for the standard dwelling adequate to accommodate the displaced owner. In other words, it is the theory that the fair market price would not be met in many instances when you step into new housing of comparable standard.

In addition, we ought to have something more.

Mrs. SPELLMAN. I think that they are absolutely right. As a matter of fact, our county itself has done something very similar to this. We needed some land for a hospital, we needed to expand, and the land we were taking was going to wipe out some very, very substandard homes. These places were built out of packing crates. They were unbelievable, yet interestingly enough, not one of those families in that area had ever been on welfare. So, here are people who really were trying to make their own way, and if we paid them for their homes, the actual price, the actual appraised value, they could not have gotten anywhere, and they just would have landed on public assistance rolls. They would have had no choice. And so what we did was pay them for a relocation price for their homes, and each one of the families is established and they are able to function as families.

So, this makes read good sense. It ought to be done.

Senator MUSKIE. Would you say the $5,000 limitation is realistic?

Mrs. SPELLMAN. That is a little hard to say. In the market today in our county that would be a pittance really, but it would be a start. It would be a start. It would be far better if we could just leave it broad enough to say relocation value rather than a given sum.

Senator BAKER. Mr. Chairman, if you would yield for just a minute.

Mrs. Spellman, I wonder really if in this matter of relocation costs generally we are not adressing ourselves to an element of existing law within the law of eminent domain. Theoretically, it seems to me, there ought to be consideration of incidental damages instead of actual damages to the value of property. It seems to me that is the concept of law, the common law and statutory concept, and our function here may be to clarify and elaborate on the intention, that somebody could be made whole if they were unwilling to buy their property.

Senator MUSKIE. I agree. I do not think that the people whose property is taken ought to be made to bear the lion's share of the burden of the public improvement. If the public improvement cannot stand the cost of making them whole, then it is not justifiable. The difficulty is to find formulas for implementing this concept. There is also the difficulty that you cannot change the built-in concept of fair market value without a positive assertion of new law. You have to be careful when you make that positive assertion of law that you do not open a great big door that leads to worsening things. I think this perhaps has a lot of merit.

Here is another point that is concerned with the same problem. The present law provides for relocation payment assistance beginning only when agreement has been reached between either the Federal Government and the locality which will proceed with the project. As far as I know no assistance is available during the planning stages of the proceedings. Yet this is the period when displacements begin under the threat of compulsory removal when the project is actually undertaken. During this period tenants move out long before an agreement or even any definite commitment to a project has been reached. Property values decline, tenants move out. Should their be something in the public policy to deal with this period when many people panic?

Mrs. SPELLMAN. I think that is a very, very valid point, really, because that is where the impact is felt. At that point, that is where the money is needed. It would also help speed up the process, too, so that we know that once this matter has gotten to that stage that there will be approval, and so we just ought to start working on this a little sooner and the funds very definitely are needed at that point.

Senator MUSKIE. I guess it is one of the costs of our democratic system that we have sometimes a prolonged period of discussions involving public referendums and city council meetings and discussion groups. When we prolong this period, it certainly creates very real hardships for a lot of people.

Mrs. SPELLMAN. I might point out that Baltimore City is having just this kind of problem. There is an area which is in transition, and which could almost hit the point of bankruptcy because of the delay here in providing the funds that are necessary to keep going.

Senator MUSKIE. One other question and then we had better get to our next witness.

The Committee on State and Urban Relations of the National Governors' Conference and various other State and local organizations have recommended the establishment of State and local central relocation agencies with which the various agencies would contract to handle State relocation problems. Is this a workable idea? Have you had

any experience, you personnally or NACO, in developing or working with such a relocation agency?

Mrs. SPELLMAN. We personally have not yet had such experience, although I daresay that our community development department could very well serve that kind of function.

But, it does make very good sense to be able to coordinate all of this into one agency so that everybody knows what is being done and you do have one central outfit guiding this whole thing. Probably C. D. here has some knowledge of how it worked in other areas.

Mr. WARD. We have considered this same proposal and we feel that we are one agency where the county has developed some kind of expertise and some other ones then start coming in and having a relocation program, and that it could make sense to combine them under one jurisdiction and use their background and their technical skills.

Senator MUSKIE. Possibly in a State as small as mine, a State relocation agency would serve the purpose of the entire area, and in a city like Baltimore, a metropolitanwide relocation agency.

Thank you very much.

Mrs. SPELLMAN. I thank you very much for giving me the opportunity to come. I enjoyed it.

Senator MUSKIE. Our next witness is Mayor Beverly Briley of the Metropolitan Nashville-Davidson County, Tenn.

Mayor Briley, it is a pleasure to welcome you again. Our last meeting was before another subcommittee of this same full committee.

TESTIMONY OF MAYOR BEVERLY BRILEY, METROPOLITAN NASHVILLE-DAVIDSON COUNTY, TENN.

Senator BAKER. Mr. Chairman, may I take this opportunity to say that I look forward to the mayor's testimony. It is my feeling that Nashville-Davidson County have been pioneers in the area of redesigning and reconstructing more active and effective local self-government.

Mayor BRILEY. I have appeared before Senator Muskie on many occasions previously representing the National Association of Counties, of which I was formerly president, and I am now on their board. I come today as the mayor of Metropolitan Nashville-Davidson-County, and vice president of the National League of Cities, and a member of the advisory board of the U.S. Conference of Mayors. I am representing these two organizations today in support of S. 698, S. 458, S. 735, and S. 2981, which would make an important contribution to the improvement of intergovernmental relations among the Federal, State and local governments.

Senator MUSKIE. I would certainly like to commend you for your continuous efforts on S. 698 through Congress, and I hope that it will enable the Senate to respond to this bill as it has in the past.

The federal system that was conceived by our forefathers is still a great one. But today the intergovernmental relationships envisioned by the founders are being strained by the sheer complexity of today's modern urban age. In this century, the Federal Government sensed that it had a role to play in meeting the national social and economic problems brought on by rapid urbanization and technological advances and undertook programs of substantial direct and in-

direct assistance to States and local governments to meet their problems.

I speak as a mayor who has had a good working experience with the Federal grant-in-aid programs. On the basis of this experience, I hope the committee will accept our comments as constructive criticism and positive suggestions. I personally feel this bill will meaningfully contribute to lessening some of the frustration mayors of cities such as my own endure in dealing with these grant programs. Let me make it clear that we cannot deny the substantial relief the grant programs have brought to cities. But unfortunately, there are now just far too many individual programs each with their own set of objectives and operating rules. On top of this, we find a general lack of uniformity and of priority. But most of all, we find a general lack of understanding of individual city needs by the administrators of these programs and of the programs themselves, we find that they are not being designed and administered so as to be responsive to local needs and I might say especially to local priorities.

We have testified on many of the provisions of S. 698 in the 1967 creative federalism hearings and on earlier legislation considered by this subcommittee. I will therefore not belabor you with detailed comments on each section of the bill. Instead, we will be glad to discuss them in the question period and may I request that we be permitted to submit such additional supplemental statements as may be necessary on any of the bills' provisions and also note that our staff stands ready to provide additional assistance and consultation as you and the committee staff may require.

Let me therefore concentrate on S. 698's three "new" titles which in many respects are the most significant elements of the legislation, the Joint Funding Simplification Act, and the amendment to S. 698 introduced last week by you, Senator Muskie.

Title VI Grant Consolidation. By anybody's count, there are over 400 individual Federal grant programs to State and local governments in existence today. We might note before proceeding further that we are glad the committee is also considering the Joint Funding Simplification Act, a bill which I had the privilege of helping to formulate in extensive discussions with the Bureau of the Budget. We think this bill is a necessary companion measure to the grant consolidation provisions of S. 698. I will comment of S. 2981 later.

The present narrow and independent project approach of Federal grant programs, compounded by the sheer number of such grant programs, is disruptive of comprehensive planning designed to develop and program broad community attacks on urban needs. Cities, because they urgently need funds, are encouraged by the present system to abandon well developed priorities to enter competition for Federal funds where they are available. Local planning is often hampered because cities must concentrate on applying for individual Federal programs. If cities are to acquire the capability to plan and act on total programs, they must not be thwarted by large numbers of individual programs which must be fitted together (often unsuccessfully) like pieces of a jigsaw puzzle. We strongly urge that the emphasis of Federal assistance management must be on combination and consolidation of the myriad of grant programs. The emphasis must be on establishing packages of broad programs which complement each

other and local comprehensive planning rather than as now occurs, splintering a well intentioned comprehensive attack by a city government on its problems.

What specifically would grant consolidation mean to cities? First, since few city problems are isolated from other related problems it would enable a city to deal broadly with the entire malady rather than have to attack individual symptoms piecemeal. Second, cities would have to have perhaps as few as one-fifth or one-sixth as many programs as they now do.

Third, city officials would have to deal with far fewer agencies and become entangled in far less redtape and delay.

Fourth, increasingly, Federal programs require applicants to develop a comprehensive plan for a grant project. Therefore, the objective of the Federal grant-in-aid programs should be to encourage the utilization of federally aided programs which match the comprehensiveness of the local plan and which are responsive to local needs and priorities, not to fragmentize and disrupt these priorities.

JOINT FUNDING SIMPLIFICATION ACT

As I mentioned earlier, one of the difficulties of the present system occurs when a city puts together a broad program but then is unable to obtain funding for individual elements of the program from the Federal Government. Likewise, at considerable expense of time and personnel, administrators must now prepare individual applications for each program rather than a single packaged application. The potential benefits of such packaging and the use of single broad applications are numerous and rather fascinating in some respects.

Under a code enforcement program, the distinct needs of individual cities will differ as to what makes up this program. But once a code enforcement program is begun, it must be carried through to its logical end. We tried to list the elements of a typical code enforcement program for which Federal assistance is available in separate grants-in-aid and I wish you would note the number.

Technical assistance programs for problem definition.
Code enforcement assistance.
New community facilities.
Need for standardized, uniform relocation policy and assistance.
Welfare, social service, and educational assistance in varying degrees.
Manpower development and retraining.
Rat control.
Mass transit assistance.

The assemblage of a package code enforcement program with even some of these elements, timed to allow implementation in their proper sequence as the code enforcement program progresses, would, under present available grants-in-aid, permit a city to put together a program tantamount to model cities. But, under actual present administrative and funding conditions, this is impossible.

The whole area environmental pollution control is another area which could substantially benefit from the provisions of this act.

Fortunately, there is a recent precedent upon which to more precisely foretell the potential benefits from enactment of this bill. Four agencies, HUD, OEO, HEW, and the Labor Department, have jointly

launched a poverty-area, neighborhood centers pilot program, acting under respective current legislation for each of the agencies and the authority of an Executive order of the President. Drawing upon available funds, the demonstration project now underway in 14 cities, enables the cities to develop multipurpose neighborhood centers to serve people in low-income neighborhoods responsively.

The stated objectives of the program are to:

Develop better methods of linking existing and new programs into a comprehensive and integrated neighborhood system for delivery of health, social manpower, educational, recreational, legal, and other community services to families and individuals;

Initiate a cooperative intergovernmental effort to pool the resources and knowledge of city, State, and Federal agencies in assisting neighborhoods; and

Develop procedures for combining the efforts of four Federal operating agencies in assisting neighborhoods.

Each of the 14 cities has already received funds or planning authority from the four agencies to proceed with establishment of their centers.

There are, however, problems in S. 2981 which must be noted. First, general units of local government are faced with the constant growth of special districts. Special districts are frequently neither representative of nor responsive to local constituencies or elected officials. Moreover, without authority or coordination being exercised over these districts, they often act independently of and even to the detriment of, public policies of general units of local government. Nothing in this legislation should encourage this situation. Thus, we would oppose any interpretation of S. 2981 which would permit special districts to package programs to the disadvantage of a general unit of local government. This flow of S. 2981, I might note, is contrary to a provision of S. 698 which encourages favoring of general units of local government. At the very least, special districts should be permitted to be a party to an application only with the consent of appropriate units of general government.

Secondly, the most important factor in the successful achievement of the bill's objectives is availability of funds for packaged programs. Under present arrangements, cities are often frustrated by a lack of funds for some of the individual programs. If approval of a city's package application under the terms of S. 2981 were delayed or rejected because funds from any one component of the joint program were not available, it would also be discouraged from utilizing this mechanism, therefore negating the value of the bill. This problem might be practically overcome through proper establishment of a separate joint management fund referred to in the act or, even better, a type of urban development fund separate although from any single combination of programs from which funds could be drawn, by the city, upon certification of its application by appropriate agencies. NLC has developed a proposal for such a fund which we will discuss.

Executive responsibility and coordination: In the case of both the grant consolidation provisions of S. 698 and in the Joint Funding Simplification Act, we strongly endorse the responsibility and authority given to the President. The coordination and administration of grant programs is wholly a responsibility of the Executive. Congress

concern is that these programs are administered efficiently and that the congressional intent is fulfilled. The Executive should be expected to consolidate and simplify wherever possible to assure greatest effectiveness of the programs. Granting the Executive this power in the manner enumerated by these bills does not remove legislation prerogatives.

Dwelling a moment on the subject of coordination, we feel this most necessary of executive responsibilities is given too little direct attention. It is implied strongly and spoken to in title IV of S. 698, and I would certainly agree that consolidation and simplification connote greater coordination. Nevertheless, this remains one of the greatest needs in the administration of the grants-in-aid.

One of the prime objectives of the model cities program is to help bring about local coordination of Federal resources available and to provide a definite mechanism for this coordination. Yet, from the 75 cities already involved in model cities planning, including my own, we are finding definite evidence that the achievement of this goal may be in serious doubt. If we are experiencing this sort of difficulty in a program specifically intended to achieve greater coordination of Federal resources, I need not dwell on the grim problems faced in coordination of the over 400 separate grant programs. We must learn from the experiences being gained in model cities and apply them elsewhere. Of course, the main lesson to be learned is that we must have an effective, responsive, flexible system such as S. 698 and the other bills will help obtain.

We therefore feel the President must clearly be given the responsibility as well as all the tools necessary to vigorously pursue achievement of greater interagency coordination in the case of all grant programs.

Urban development fund: Ultimately, however, grant consolidation and greater coordination cannot alone achieve a workable solution to the massive physical, social, and economic problems confronting cities. The need for adequate available resources to attack such problems becomes more critical each day. We, therefore, urge that Congress establish an urban development fund to represent its massive commitment to fulfilling the national responsibility in urban and social renewal than is now available through the present categorical grant-in-aid system.

Under the urban development fund concept, a city, upon completion of a comprehensive plan utilizing a number of categorical aids assembled in a fashion similar to a model cities plan, would be authorized to secure certification of technical compliance with the requirements of the several Federal programs included in the plan, including the approval of State agencies where required. The city would then waive its rights to the specific categorical aid funds and enter into an agreement with the Federal urban development fund for the release of equivalent moneys to implement its plan over the period of years specified in its budget.

Funding would be provided by an appropriation to the fund yearly to maintain a reasonable level of payments. The Federal outlay would be expected to be consistent with the amount paid out under the categorical aids so that eventually the appropriations to categorical aids might be reduced. The important factor here is that the fund must be

large enough to encourage units to make comprehensive plans and programs based on assurance of availability of the Federal Government's financing commitment.

The fund would involve programs crossing present departmental lines. The application would be multipurpose and comprehensive in nature and would be very similar to a city's budget request document. Communities would have the option to use but would never be required, to make use of the funds so provided in lieu of existing categorical programs.

This is not really a block grant or revenue sharing. It would leave undisturbed the processing system for technical compliance. It could include a much greater role for State government. It would assure the maximum benefits from fiscal planning, construction, timing, program scale, and program management. It would, moreover, and perhaps most importantly, give maximum consideration to the diversity of local needs and local innovation, priorities, control, and flexibility.

Now, I would like to speak of title VIII, uniform relocation assistance.

In any discussion of relocation of displaced persons, we must start from the premise that it costs no more or no less to move a family or a business because the family or business was displaced by an urban renewal project rather than an interstate highway or local code enforcement program or any other kind of project. Yet the amount of financial and nonfinancial assistance available from the Federal Government to assist families or businesses to relocate in the face of a federally supported project varies astonishingly from program to program.

The Advisory Commission on Intergovernmental Relations in its 1965 report, "Relocation: Unequal Treatment of People and Businesses Displaced by Governments," stated:

> Thousands of people and businesses are forced to move every year because of governmental acquisition of property or enforcement of housing and building codes. All indications are that this place of displacement will accelerate with increased urbanization and the consequent mounting demands for urban services and growth of federal, state, and local programs for the renewal of cities. It has been estimated, for example, that from 1964 to 1972 the federally aided urban renewal and highway programs alone will have caused dislocation of a total of 825,000 families and individuals and 136,000 business and nonprofit organizations.
>
> As the magnitude of displacement has increased in recent years, there has been growing concern over the impact on those forced to move—concern over whether these "displacees" are having to bear a disproportionate share of the cost of the benefit created by the public works program necessitating their move. The concern is voiced particularly regarding the poor and the elderly, and marginal and submarginal small businesses; these individuals and businesses seem most often to be in the way of property-taking programs and are least capable of coping with the adjustments of a forced move.

In 1968, Nashville expects to relocate 900 families and 200 businesses, many of them small marginal operations. In the next 10 years, we foresee displacing as many as 3,505 families. Most of this displacement will occur from federally aided projects such as Interstate 40 and urban renewal. To our city as well as all the others facing similar tasks, it is imperative that relocation policy and assistance be made uniform at all levels of government. We feel that title VIII of S. 698 is an important building block in the achievement of this goal.

It must be remembered that we are dealing with individual human needs. It seems so simple looking at a plan to say that if a house or a small store is in the way, move it or destroy it. But what is so often overlooked or at least given insufficient attention is the fact that when a person or a businessman is displaced and relocated elsewhere, there is a tremendous social cost paid often unmeasurable in dollars and cents, not just by the individual but also his neighbors and his community.

Relocation policies must focus on and consolidate response to individual needs and to the social needs of the total community. Relocation policies affecting businesses must be flexible enough to respond to the complexities of the economic area. Sometimes in relocation, the operation is a success but the patient dies. In sum, our relocation policies must be such as to enable us to say to the displaced citizen that you, too, will gain and benefit from the public improvement which forces your location and I am obviously referring here to a gain or benefit not simply limited to what a highway or public building will provide, for this indeed to him might be slight.

There are a few other points I want to make.

First, we feel it highly important that all relocation, for no matter what project, be carried out by one city agency which has at its command the tools and resources to do a thorough job. Where cities have established effective agencies to undertake relocation, the Federal Government should contract with that agency for this purpose.

Second, we want to emphasize the need in the development and unification of policy, for postrelocation followup. The first 6 months are critical to a person or business newly relocated. Families and businesses are confronted by a whole new set of problems in their new location. Relocation responsibility therefore does not stop once a family is in a new home. They must also be given every assistance in adjusting to their new environment.

In conclusion, it is particularly fitting that this bill now attempts to bring uniformity but more importantly a higher degree of equality to the troubled relocation issue. We can no more eloquently state the importance of this provision than to quote the Senate Committee on Government Operations reporting on S. 1681, the Uniform Relocation Act of 1966. The Committee said:

> This policy is necessary to eliminate the great inconsistencies that exist among federal and federally assisted programs with respect to the amount and scope of such payments, and the advisory assistance and assurance of housing offered. It recognizes that relocation is a serious and growing problem in the United States and that the pace of displacement will accelerate in the years immediately ahead. It recognizes that advisory assistance is of growing importance in the relocation process especially for the poor, the nonwhites, the elderly, and small business people. It recognizes the need for more equitable land acquisition practices in connection with the procurement of real property by eminent domain. In short, this legislation recognizes that the Federal Government has a primary responsibility to provide uniform treatment of those forced to relocate by federal and federally aided public improvement programs and to ease the impact of such forced moves.

Title IX. The confusion, delay, uncertainty and misunderstanding which exists today in the field of acquisition of real property by governmental entities for public use is notorious. On the basis alone that there is no justification for differences between the taking of one man's property as opposed to another, we fully endorse the pro-

visions of title IX. This title contributes measurably toward eliminating the disparities in Federal land acquisition policies. We particularly feel that it is important that the propertyowner be fully advised of the method by which value of the property is ascertained by the Government. We trust that in section 901(a)(3), the term fair and reasonable consideration means "fair market value." Many cities now use fair market value as the starting point for their negotiations in property acquisition. It is the fairest as well as most practical value to be obtained.

Turning to title X on the subject of auditing, we most heartily welcome and endorse the objectives of this amendment. Yearly, cities receiving substantial amounts of Federal assistance must submit to time-consuming detailed audits, often by two or three or more Federal agencies, for the purpose of accounting for Federal funds. Oftentimes these "audits" exceed the scope of checking accounting procedures and lap over substantially into the questioning of local policies. Under the provisions of title X, all this extra effort could be eliminated. Moreover, once standards are established by the Comptroller General, cities would know with certainty what the rules of the games are and could insure that their own accounting procedures meet these standards. Again the greatest benefit to be gained by the cities as well as the Federal Government is uniformity of practice and simplification of procedures.

In summary, we feel that assistance for today's urban needs cannot be met by simply the Federal dollar without there being a major effort through effective administrative procedures to make the programs flexible, simple to use, efficient to operate and utilize—and most of all—responsive to the problems they are designed to meet and responsive to the priorities of those who are directly responsible for solving these problems, the officials of our cities. This bill may catalize then the emergence of a new urban federalism.

Senator MUSKIE. Thank you very much, Mayor Briley, for your excellent statement. I have one or two questions that I would like to ask. I understand that Nashville has had a serious problem of relocation for Interstate Highway 40.

Mayor BRILEY. Highway 40; yes, sir.

Senator MUSKIE. The city has gone far in trying to solve the problem, but I have a question based upon that problem. Do you feel that the relocation assistance section of S. 698 would have helped in dealing with that problem?

Mayor BRILEY. Yes. This perhaps also would require some State legislation, which I am sure would follow the provisions of this bill. We have this problem. There are about 600 families in the next leg, that's the leg that was under litigation. Four hundred of those families are on oral leases, not a written lease. Under our State law, if they are not under a written lease there is no relocation cost paid at all. Now, our city will do the best we can and it will cost us to do the best we can. But we cannot do the things, of course, we could do under uniform assistance policies for relocation at the State and Federal Government level, so I think it would substantially help and lead the State to improve its assistance.

Incidentally, that would also apply to some businesses. Some of the relocation problems of the businesses are not funded adequately, and I think this would lead to a better funding of that problem.

Senator MUSKIE. I was going to raise that question. Do you think that you are going to be able to put together a satisfactory relocation program in connection with that highway?

Mayor BRILEY. We are approaching it in two different ways, one dealing with business and one dealing with housing. Several years ago when the metropolitan government first came into existence in 1963 we developed a relocation agency and we contracted with the State government with reference to their highway program, and we contracted with the housing authority of our area that handles both urban renewal and public housing to do all of their relocation through this agency. It was a contract between the welfare commission of our local government and the housing authority in the State government. This worked very satisfactorily, but was not funded adequately, and the State withdrew from it about 2 years ago. We are now in the process, and our new budget is now under consideration, of setting up a bureau of relocation which will be headed by a director that will be under the direction of our welfare department. This agency will have an advisory committee of codes people, public works people, water-sewer people, highway people. We are also developing a contract and have meetings leading to this with the State highway department. We think that we have a much better plan on relocation of these people presently. We have done an experimental program in this manner, on the worst slum areas we had in our city, and we were very successful in about 4 months in getting these people housing. Incidentally, this was not a public improvements area, this was a codes enforcement area, and our experience has taught us better how to do this.

With reference to the business community, there are multiple problems. We have negotiated and we have arranged with our local banks to put up a fund of $1 million to supplement and assist in loans to these marginal, principally Negro, businesses. The fund is being administered by a local bank, that is, primarily a Negro institution of many years' reputation. Some of these businesses have been operated for a number of years by people who have been successful, not in any great way, but successful to sustain life and a business. These people probably will be successful.

There are a number of these marginal businesses that have been there a year or two which are relying upon a localized neighborhood custom or local economy. When they relocate it is doubtful if they can redo what they have done there. Now, even where the business would have been satisfactory 5 years from now if it stayed there under another change would be a question. So, I think that we have done things that will help those that are competent and capable of maintaining a business.

Senator MUSKIE. Senator Baker.

Senator BAKER. Mayor, you touched on the nature of eminent domain statutes in Tennessee, which you agree are many and varied. Most condemning authorities have at least a choice of three or four different sets of statutes they might proceed under. Would you agree with me, however, that elaboration of the definition of incidental damages as distinguished from actual damages might have an effect on alleviating much of the actual loss of economic suffering that frequently occurs in relocation projects?

Mayor BRILEY. Yes. As you recall, we have had two, maybe three statutes introduced and adopted that the courts have held unconstitutional that dealt with this problem, and I think very much of it would.

Senator BAKER. And also the fact that under Tennessee statutes, and under some others, under some Federal provisions, there is a specific allowance for moving costs. Not under all Tennessee statutes, but one in particular that I think of was enacted to accommodate requirements of interstate highways, and frequently these are limited to specific amounts. In the case of urban renewal, it is my understanding the limit is $200 on moving costs. I wonder if you feel that that arbitrary limitation or any arbitrary limitation can really do equity in certain circumstances?

Mayor BRILEY. There are many, many instances, and we are talking now principally, as I stated in my statement, about most of these relocations coming to an economically disadvantaged group, and in many cases it does not take an awful lot of money to actually pay their relocation expense. But, there are instances where it is very expensive because you have to move them completely away and you have an environmental problem that you have to follow up. Now, we are locally financing that ourselves by local government. If the relocation assistance costs was a larger amount we could solve a great many problems of this nature.

Senator BAKER. It was pointed out to me by the chairman that in a situation the actual damages involved can exceed the $200, the allowance stated in the provision, as I understand it, the $200 moving cost.

Senator MUSKIE. If you want to go through the redtape and take action.

Mayor BRILEY. It is different under urban renewal and under the highway program. There are two different standards put in there, and this is one of the hardest things in the world to explain. We have a number of urban renewal projects on the way and they are more liberal, much more liberal, and we do a lot of relocation with this. And then a friend over here who lives where the highway is going to be, he does not get any benefit out of it.

He cannot understand that. He thinks he has been treated differently.

Senator BAKER. Do you find this disparity and treatment, as a practical matter, is the cause of friction within the community and a source of difficulty?

Mayor BRILEY. It is; and I think one of our problems originated right here because the highway goes through an area that is not in the urban renewal area. It is now in the model cities program, and we are attempting to go into that area and heal over the wounds that have come out of it.

But, I think, it was a basic part of the problem.

Senator BAKER. Of course, in the I–40 situation, according to the newspaper accounts and the conversations and correspondence I had on the matter, and you had on the matter, the whole situation developed into a broad sociological concern as well as an economic one, and that would tie back into some of the provisions of this proposal. I am afraid in the I–40 situation the pending plan of development had the effect of deadening the whole area long before it was utilized for the improvement that was involved.

Mayor BRILEY. Well, there were two sides to this. As usual, the mayor gets caught in the middle of it. There were a group of people, a substantial number, about 45 percent of them were Negro businesses that had bought properties knowing they were going to relocate and were held up because the highway didn't go through.

Then there was the other group who were there and knew nothing about it, and were having to move what they called rather hastily, although this had been published as an existing or proposed road with the general alinement for at least 10 years, and I would say probably once a month, but no one said anything until the actual taking began to operate.

So, we had one group of people who were hung up in their relocation and had large sums of money committed, and they were just like the mayor, they were caught in the middle of the argument between the two groups.

Senator BAKER. I find, Mayor, that is not a situation left entirely to mayors. Mayor, you made reference, and I have asked you about, uniformity of procedures on condemnation of land and acquisitions.

There is one other aspect of that general situation that I would like to ask you about. Do you feel that we would be better served to approach this problem, the elaboration of the value of incidental damages in Tennessee, by appropriate amendments to the various statutes, or a consolidation of them, or the promulgation of a new statute, or by the implementation of that objective through usual Federal control?

Do you feel it could be done more effectively one way or another, or do you prefer that it be done both ways?

Mayor BRILEY. With my limited knowledge, I think you will find that the eminent domain and the statutes in many States differ considerably, and it could be possible that there could be some provision of a Federal statute that would require, where Federal funds were involved, a certain standard that should be applied by State statutes in acquisition.

You will find not only Tennessee, but there are other States that have this similar problem.

Senator BAKER. If I may, just for a moment, Mr. Chairman. Mayor, I would like to ask you a question substantially the same as I asked Mrs. Spellman.

Do you foresee that consolidation of present systems of categorical grants-in-aid by the Federal Government in any way would diminish the desirability or impact of the desirability of elaborating a plan of bloc grants on a less restrictive basis, or a system of Federal revenue sharing?

Mayor BRILEY. We take a view that there ought to be some degree of standards if Federal funds are being expended, that are being met in the comprehensive plan. You get into the difficulty with a block grant of turning it loose, and there are officials, unfortunately, that would not rely upon their own local resources to the extent that they ought to, to operate their own government. I think that we ought to have the responsible responsiveness to the problems of the community along with the assistance that we can get.

Let me give you just one illustration of what I mean. We have undertaken, as you know, in Nashville, a very comprehensive sewer program on a system which has been neglected for about 40 years, and in

ss than 10 years we expect to sewer an area the equivalent of the city f San Francisco, costing about $120 million.

We are a little better than half through now. Some features of the 'ederal grants apply to certain parts of this project. There are certain arts of the project that we do not get any Federal assistance from, nd yet each one is dependent upon the other.

So, the local funds have to come in in any event. If you do not have ıe smaller collecter system going into the larger areas that qualify, r in the treatment plant, or the enlargement of the treatment plant,) qualify, then you have no point in enlarging your treatment plant.

So, the whole thing is one comprehensive program. If we have a)mprehensive program that is approved as to engineering specifica-ons and we kept the engineers and architects from building monu-ıents, then that program as such should be approved and we should be igible for grants without trying to take some factors out of it and ıaking part of it available and part of it not available.

Senator Baker. Strictly speaking, this next question is not related irectly to the bill or bills you have testified about before this commit-ee hearing. On this question of local funds, do you have any view-oint on the desirability or lack of desirability of changing the method f raising funds at the local level?

I would refer specifically at this point to the question of the tax-ree status of interest income on local securities.

Mayor Briley. This is something that has bothered me a great deal. .s you know, I have testified for many committees up here on this, and have had some real running fights with the Treasury Department on ıis.

If we are going to maintain our system of the levels of government ıat we have traditionally held to, which I think has been a good sys-)m, I think we must preserve the integrity of tax exemptions to local onds.

Senator Baker. I gather you take it that this is one of the effective)maining municipal tools that local governments still have?

Mayor Briley. That is correct. I was at the Brookings Institute bout 5 years ago and spent 3 or 4 days with the economists from many niversities and with one particular individual in the Treasury Depart-ıent who has been whole-hog on tax municipal securities. We had a ıajor debate on it, and when the final conclusion arose that we would ave to have in many, many areas a complete Federal grant because ıe people would not be able to finance their programs, a good many f the economists who had favored the idea that we have taxation re-ersed their position at the conclusion of those 4 or 5 days of debate.

There are published volumes at the Brookings Institute.

Senator Baker. In this hearing on this point, I have written a letter) the chairman raising the question whether we should have hearings ı this committee, hearings not just on pending legislation dealing with ıe treatment of the local securities, but on the general impact on the hole range of issues which affect local financing.

Do you feel that this subject is sufficient for us to bear such an xamination?

Mayor Briley. I just do not believe we ought to ever open the door f the Federal Government taxing municipal securities.

Senator Baker. Mayor, I would like to ask you one more question ıat you have referred to on page 5 of your statement, in the middle

of the page, where it says, "At the very least, special districts shoul be permitted to be a party to an application only with the consent o appropriate units of general government."

I take it that the special districts you refer to are such things as util ity districts, school districts——

Mayor BRILEY. Sanitary districts. There are a multitude of ther and they are single-purpose districts that do not take into consideratio the capability of the total economy of the community. I can show yo some districts that the Federal Government has given grants for wate under the agricultural program. They will never survive.

But, the people were interested in one thing, they were not intereste in the total program, so they planned it in a manner that dealt with single purpose and did not deal with the total purpose of the whol area.

Senator BAKER. I think we both agree that in some areas, utility dis tricts especially, in the absence of municipal governments, many hav served a specialized purpose.

Mayor BRILEY. That is correct. We have several in our area that w have not acquired as yet, as you know.

Senator BAKER. Do I understand the thrust of your proposal, then to be that the efforts of these more specialized units should be coor dinated?

Mayor BRILEY. Right, and the local government there ought to b called into the planning of it and at least have the value of its criticisn or its approval.

Senator BAKER. So that I should not read this into this statement the proposal we have, the abolition of special purpose districts, bu rather that their efforts be coordinated.

Mayor BRILEY. Right, with the unit of local government that i involved.

Senator MUSKIE. Thank you very much, Mayor Briley. I appreciat your getting that subject into the hearings, and I think it is especiall interesting in exploring the problem of taxation of municipal bond We are all concerned in one way or another with the increasing num bers of pieces of legislation.

Thank you very much.

Mayor BRILEY. Thank you, Senator.

Senator MUSKIE. We are getting pressed for time and we have tw more witnesses. First is Mr. Edward Potthoff, city manager of Sagi naw, Mich., representing the International City Managers Association

TESTIMONY OF EDWARD POTTHOFF, CITY MANAGER, SAGINAW MICH., REPRESENTING THE INTERNATIONAL CITY MANAGER ASSOCIATION

Mr. POTTHOFF. Senator Muskie, Senator Baker, I was not able t provide the committee with prepared, advance text. This was com pleted late last night. I have been tied up with an open-housin election.

Would you prefer me to present you with a couple of copies now?

Senator MUSKIE. Yes, if you have them now, that would be fine.

Mr. POTTHOFF. I can report that our open-housing election was suc cessful by overwhelming vote.

Gentlemen, I am Edward Potthoff, city manager of Saginaw, Mich., serving in that position since 1961. Before that time, I served as city manager of Niagara Falls, N.Y. I have had over 18 years' experience working with local government or serving it directly. As a career local government executive, I truly appreciate the opportunity and invitation to testify this morning.

You are going to note a very definite similarity between the remarks I have to make and those fine remarks of Mayor Briley of Nashville-Davidson. I guess it merely points out that the problems and the attitude toward the grant-in-aid programs are quite similar in cities many hundred miles removed from one another.

Your committee over the past several years has heard statements about the problems of intergovernmental relations. There is no doubt that the problems of our urban society will not be solved without all levels of government working together. This is a truism to anyone who has given thought to these problems.

As a professional city manager, I can testify for the need to establish reasonable, and as much as possible, flexible policies to facilitate the relationships between and among levels of government in order that the work of strengthening our American democracy can continue. This is why I am particularly pleased to support the provisions of Senate bills 698 and 2981, because they do set such policy.

Ten years ago, perhaps even five, the professional city manager did not spend much of his time on intergovernmental relations. Today, in conjunction with Saginaw's mayor, council and city employees, the problems of intergovernmental relations directly and indirectly occupy considerable time.

Senator Muskie, your efforts, and those of other committee members are to be commended for your interest and efforts to facilitate the work of local government, State government, and the Federal Government by previously obtaining passage by the Senate of many of the provisions of S. 698. It is hoped that the provisions of S. 698 and S. 2981 can be contained in a bill that does become law.

As a professional city manager, I am concerned that programs developed at all levels of government are not only good policy, but that their implementation results in achieving their objectives. The city manager's expertise is in the area of not only problem analysis, but in the processes of getting things accomplished.

Saginaw has a number of Federal grants, including being a model city. We have these programs because we want to make our city a better place to live for all citizens, no matter what their problems, economic status, or race may be. These bills are aimed at improving implementation of much-needed Federal programs and hopefully reducing the time between application and completion.

Virtually, all Federal-city programs suffer from excessive time delay from inception to completion. I would consider the time factor to be the single greatest problem existing in our Federal-city relationship. Excessive delay frequently results in changes in membership of our city councils; it results in accusations of promises not kept; it results in extraordinary costs; it completely disrupts local fiscal planning; it makes the allocation and assignment of local staff to programs virtually impossible and generally results in frustration and waste.

I want to concentrate my remarks this morning on the two new provisions in S. 698—title VI, consolidation of grants-in-aid, title IX, uniform land acquisition; and to Senate bill 2981. In addition, I will stress the importance of title VIII, uniform relocation assistance. I will be glad to discuss other provisions of the bill during the question period.

This provision is a must as far as I am concerned. Senator Muskie, your statement introducing S. 698 makes this abundantly clear. The number of Federal grant programs to State and local government is in the hundreds. Each program was developed to meet specific needs of State and local government, but naturally such programs enacted at different times now cause duplications, confusion, and make planning by local government most difficult.

The problems at the local level become one of trying to couple together specific programs in an area. Often this "coupling" cannot effectively be done, or if it can, it takes an unusually long period of time to mesh all requirements of each specific program involved.

On February 6, 1967, Graham Watt, city manager of Dayton, Ohio, testified before your committee on creative federalism. At that time as part of his testimony, he submitted a survey of city managers done by the International City Managers' Association on the problems of Federal-local administrative problems.

This survey shows that city managers would support this title because it would enable them to do a better job of planning and implementing programs involving Federal grants. More important, the programs themselves could be more effective because the coupling of similar programs would have already largely been done.

The ICMA survey stated:

> The multiplicity of programs makes it extremely difficult to place one program in context with others, and it is equally difficult to determine among four of five programs, which one is most appropriate for the city.

City managers expressed the idea that programs would be more effective if aimed at community activities instead of specific projects. At present, local programs are often shaped by Federal requirements, rather than the particular community needs.

Saginaw is indeed fortunate for it is able to afford a young man with a master's in public administration that works virtually full time on Federal aid programs. He feels that of the 128 direct Federal aid city programs, he is able to be knowledgeable about 15 to 20 of these programs. Thus, it is most difficult for us to know what programs might be helpful and, as important, if funds are available.

I cannot help but think, parenthetically, of the smaller cities who are not able to afford this luxury of a man well trained and able to specialize in this type of thing, entirely on Federal programs, and we do consider it a luxury.

Senate 2981, Joint Funding Simplification:

The Joint Funding Simplification Act is a supplement to the Consolidation of Grants. This act is important because where consolidation is not feasible, it provides a means to provide coordination of related programs. More important, it allows the administrators of various related programs to remove inconsistencies as spelled out in section 6 It appears to allow the city to make one contact point—not several.

Again, the ICMA survey pointed out that there were inconsistencies among the plans required by Federal agencies that worked against each other's objectives. It was felt by the managers surveyed that a comprehensive plan might be required that could fit the needs of most of the Federal programs. The simple matter of having one basic application form would permit us at the local level to do a better job of meeting our needs and carrying out national objectives of Federal programs.

One of the most important provisions of Senate 2981 is the authority to establish joint management funds. It is obvious, from the local viewpoint, that being able to receive money for several related projects at the same time from the same fund simplifies our ability to effectively carry our related programs without spending excess energy on coordinating the Federal establishment.

It is hoped that future legislation can be developed that overcomes what appears to be a weakness of the joint management fund, of an overall local program being held up because one of the specific Federal programs involved does not have the money to place in the fund. At present, the processes of obtaining much-needed Federal assistance does not allow for effective long-range financial planning. Thought must be given to providing some way to overcome the uncertainties of Federal funding. The proposal of the National League of Cities for an urban development fund warrants serious attention.

One example will illustrate the problem of financial and physical planning. Saginaw has created a metropolitan water supply system in partnership with 11 adjacent townships. We finally applied for a grant to help construct the system. However, because of artificial fiscal ceilings on the grant, we have not received approval.

The total project is $6 million and the grant request is for $3 million. Arbitrarily, the Federal has a ceiling of $1.5 million per application. If each governmental jurisdiction had applied separately, as entitled, the money granted would, as you can well imagine, have far exceeded the limit of $1.5 million.

Finally, it is hoped that this bill will relate to local governments of general jurisdictions, not special districts. Enough has been said about the problem of special districts. Suffice it to say that in most cases, local governments of general jurisdictions are more responsive to and cognizant of local needs. I would like to see a provision in Senate bill 2981 similar to section 402 of S. 698.

TITLE IX—UNIFORM LAND ACQUISITION

This title will do much to remove the confusion that now exists over Federal purchase of land. It sets equitable policies and clearly provides information to property owners who must sell to the Federal Government. It protects the property owner, and if the term "fair and reasonable" consideration—Section 91(a)(3)—means fair market value, it sets an acceptable basis for negotiations.

At this point, I would like to say that title VII, Urban Land Utilization, also in conjunction with title IX, is important. It at least recognizes that the Federal Government should be cognizant and "to the extent a Federal administrator considers practical" follow local planning and zoning laws.

I would like to see the language stronger for at least all nondefense

property. I would like to see that unless Federal agencies could show cause why not, local regulations should be followed.

At present, we in Saginaw are involved with the General Service Administration on a new Federal building. The Federal building will be located in a downtown urban renewal area planned by outstanding planners and designers. The plan is based on vertical development, separating vehicular and pedestrian conflict.

The General Service Administration has been most cooperative in working with us. However, their attitude towards vehicular access and parking are in conflict with the overall design. If the Federal Government, who on one hand is encouraging comprehensive planning, decides to violate the plan, how can the city logically ask private business to conform to the plan?

TITLE VIII—UNIFORM RELOCATION ASSISTANCE

Here again, the provision sets a policy, stressing equitable treatment to people no matter if they are displaced because of highway construction or an urban renewal program. The treatment of people being displaced is highly important in our society. When cities are directly involved in a program, they can do much to mitigate the forced move of people or small independent business. Often the persons forced to move are the poor and elderly—those least able to absorb the financial effects—and disruption—of a move. Further, it is this group for which housing is often most difficult to find.

Saginaw has been most concerned about inconsistencies in relocation as early as 1963. The construction of Interstate 675 business loop through the city of Saginaw contemplated that the relocation of 707 families and business establishments would be required. At the time of preliminary planning, the State had no resources or plans for relocating these families or for staff assistance, and the State Highway Department, in fact, opposed becoming involved.

In October of 1963, the city of Saginaw by resolution—and I would like to read just two resolve portions, which are brief, because it states the position of the city very clearly:

Resolved, that the City of Saginaw requests of its State representatives the introduction and enactment of State legislation to provide for the assistance to families and business in relocating in standard housing or places of business and payments for relocation costs, such costs to be included as part of the total project costs, and be it further

Resolved, that if such efforts to obtain State legislation are unsuccessful, the City Council of the City of Saginaw will provide in the appropriate year's budget necessary funds for trained personnel to be added to the present relocation staff for the specific purpose of aiding those persons displaced by I–675 in obtaining housing accommodations in standard units in other areas of the city, and for moving costs if not included and itemized in the purchase price.

I might point out that this would have been done at an estimated cost of approximately $50,000 a year, which is a lot to a city of our size.

In 1965, as a result of pressures from the city of Saginaw and others, the State of Michigan passed act 40, which provides for relocation payments and assistance similar to urban renewal.

Early in the planning stage, the city opened negotiations with the State for providing a uniform relocation assistance, utilizing the

already established and functioning city urban renewal relocation office. We convinced the State that this would give much more uniform service, that all of the families and businesses would be afforded the same level of services, which would avoid confusion, and also that the relocation office was better equipped to find available housing resources. Such a contract between the city and State would eliminate the need for the State hiring and training a relocation staff.

After much negotiation the city of Saginaw became the first city in the State of Michigan to enter into such a relocation agreement with a State government. The city was reimbursed at the rate of $50 per family relocated, which approximately compensated the city for its costs.

The success of this agreement is evidenced by the fact that the 707 families were relocated within the time schedule with little disruption, plus the adoption of this technique and contact form by the State for work in Flint and Detroit. This was attributable to the skill and experience of the city relocation staff and also to a comprehensive 10-year planning schedule for relocating families from all governmental programs so that the burden did not fall in a short period of time.

This experience of the city of Saginaw showed us that efforts, not only financial, but of assistance, are highly important. Citizens should not be expected to differentiate between programs supported under one Federal act as opposed to another. And in any case he looks to city hall for fair and uniform treatment.

Senator Muskie, I want to emphasize in conclusion that we, although trying to be constructively critical of some of the provisions of the bills, do feel that the Federal aid programs have been instrumental and a vast improvement in the general living conditions and the development of our cities. We are grateful, and I stand ready to answer questions.

Senator MUSKIE. Thank you very much, Mr. Potthoff. This is a very useful and helpful statement. I am sorry we do not have the time to hear any more, because I have another appointment at 12 that I must keep. But I think that your statement has anticipated most of the questions that I might be likely to ask, and if other questions occur to us we will submit them to you, and trust that you may find the opportunity to respond.

Mr. POTTHOFF. I will be most happy to do so.

Senator MUSKIE. Thank you very much.

I appreciate the cooperation of our next and last witness of the morning, Mr. William L. Rafsky, president of NAHRO, and executive vice president of the Old Philadelphis Development Corp. I understand that because of the pressure of the Committee's time he is willing to come on Thursday morning at 9:45 to be our first witness.

Mr. RAFSKY. Yes.

Senator MUSKIE. We will be delighted to receive your statement this morning.

Mr. RAFSKY. I would like to enter it into the record if I may, then.

Senator MUSKIE. It will be included this morning, and perhaps on Thursday you might summarize it briefly, as a preface to a question period.

(The complete prepared statement of William L. Rafsky, above referred to, follows:)

STATEMENT OF WILLIAM L. RAFSKY, PRESIDENT, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Mr. Chairman and members of the Subcommittee, I am William L. Rafsky, executive vice president, Old Philadelphia Development Corporation and president of the National Association of Housing and Redevelopment Officials. It is a privilege to appear before you today as spokesman for the members of NAHRO who are, as you know, the administrators of the programs in which the subcommittee has particular interest—the agencies and individuals responsible for executing the nation's low-income housing, renewal and housing codes programs. Our Association has been in existence for 35 years; it currently represents about 6,000 local, state and federal officials in some 2,500 localities.

Mr. Chairman, NAHRO is pleased to have the opportunity to present its views on the two bills pending before you—S. 698, the Intergovernmental Cooperation Act of 1968 and S. 2981, the Joint Funding Simplification Act of 1968. We recognize that S. 698 is the result of the intensive and important work which this Subcommittee has undertaken in the past two years. We commend both the chairman and the subcommittee for the attention which it has given in the hearings on Creative Federalism and its other deliberations on the important issues involved in the administration of federally-aided assistance programs; and in particular, important intergovernmental questions. NAHRO is in general support of both of the measures pending before you. We intend to give more detailed comment in regard to some of the provisions, in particular on two titles of S. 698 (Title VIII, the Uniform Relocation Amendment, and title IX, the Uniform Land Acquisition Policy).

At the same time, Mr. Chairman, because this is the first opportunity which NAHRO has had to testify personally before this subcommittee in some time, I would like to bring attention to a concern which our Association raised recently before the Subcommittee on Housing and Urban Affairs of the Senate. This is the issue of local responsibility and initiative in carrying-out federally-assisted programs and the need to strengthen the capacity of all local agencies to undertake effectively the important urban functions which are their true responsibility. We believe that it is an integral part of the intergovernmental realtions question to recognize fully the *local* role in federal assistance programs. In this connection, and without taking more of the subcommittee's time, I would like to file for the record a copy of the recent remarks which I made on this subject before the Subcommittee on Housing and Urban Affairs. We hope that we will have a further opportunity to present our views on this question to the Subcommittee.

Now, I would like to present some general views on the titles contained in the bills pending before you.

First, let me say that while most of the provisions of this Act relate to intergovernmental relations between the Federal government, States and localities there is need to recognize the growing relationships between State governments particularly in concentrated urban areas. This trend is recognized in section 401(b) of S. 698, but we would hope that the subcommittee might consider the interstate relationship in response to other titles of S. 698—in order to facilitate the effective use of federal assistance. A leadership role in this area by the Federal government could do much to prevent potential cooperation becoming bogged down in constitutional difficulties by encouraging flexible action by metropolitan entities.

Title II.—NAHRO is in general support of title II, because it recognizes the important role of the State governments in the area of urban assistance and we hope to work cooperatively in a more intensive manner with state government in terms of developing the state-local relationships which are essential to the effective use of all grant-in-aid programs.

Title III.—NAHRO also strongly supports title III which would permit Federal departments to provide technical assistance to State and local units of government. Certainly we recognize that the specialized and technical capacities of federal agencies are an important asset to state and local governments in carrying-out assistance programs; we welcome such assistance. At the same time we hope that it will be fully recognized that appropriate assistance must be provided to enable state and local agencies to extend and expand their own technical and specialized competence.

Title IV.—Our Association is in support of the objectives of title IV which provide that important urban development programs, including those programs most related to urban growth (such as open space land, hospitals, libraries, airports, water and sewer facilities, land conservation, and other important public works) will be effectively related to local programs and comprehensive urban planning. This title is complementary to the planning assistance programs currently before the Congress and in S. 3029, the Housing and Urban Development Act of 1968. The provisions under title VI of S. 3029 provide for extending planning assistance into urbanized districts. Certainly, both of these are important steps toward a correction of urban sprawl and toward the development of well-balanced communities in total metropolitan settings.

Title V.—NAHRO supports the concept that there should be a systematic review of federally-assisted programs by the Congress, with the view of updating these grant-in-aid programs, eliminating duplication and making them more effective. At the same time, we would like to make one specific suggestion. Under section 503, we suggest that in the studies of grant-in-aid programs, conducted by the substantive committees in the Senate and the House, specific indication be given in the statute that these studies will include consultation *with* and recommendations *by* state and local agencies which are the recipients of this assistance.

Title VI.—This title of S. 698 and S. 2981, the Joint Funding and Simplification Act, both address themselves to the important question of how the present extensive number of grant-in-aid programs can be consolidated and better administered. We recognize the need and applaud this objective. In approaching this question, we recognize, that the Department of Housing and Urban Development already has important powers, under the direction of the President, to coordinate federal activities affecting housing and urban devlopment. We see the present bills before the subcommittee as further extending these powers, under the President's direction. We also recognize that there will be a period of adjustment to any new administrative arrangement at federal, state, and local levels. In fact, we see S. 2981 as an important bill in that it would provide an "interim method" to move into better coordination, without the necessity to jump to the *full consolidation* of grant-in-aid programs which is indicated in title VI. At the same time, we would support the title VI provision to accommodate those programs and areas which are ready to move to a full consolidation. We would suggest a possible alteration in language in connection with *section 202(a)(1)*—it may be too restrictive to expect that all consolidation can take place in a *single* agency. It may be appropriate and necessary in some instances to recognize that joint administration by more than one agency is the best administrative solution. The subcommittee may wish to consider some easing of this requirement.

Mr. Chairman, as we approve the efforts at the federal level to provide for a more coordinated approach to the administration of federally-assisted programs, we recognize that there is a complementary development in the coordination of urban development programs at the local level. While the Association is not prepared at this time to spell out in full how we see the intermeshing of consolidated grant programs at the federal and state levels with the administration at the local level, it is our intention to use the instrument of the proposed Intergovernmental Cooperation Act as a basis to explore this relationship. It is our hope that this can be accomplished within the basic understanding that the responsibility and initiative for these programs resides at the local level.

Title VII.—NAHRO supports this title which would provide for giving reasonable notice to general local governments of the Federal government's intent to acquire, use or dispose of land. There have been instances in the past where the failure to work cooperatively in such matters has perpetuated land uses inconsistent with local efforts to carry out comprehensive planning. This Title is an important tool to prevent such occurrences.

Title VIII.—NAHRO reaffirms its strong support for uniform relocation assistance and the objectives of title VIII of this bill. We make this statement based on the direct experience of the local relocation personnel who are members of our Association and charged with the day-to-day operation of relocation assistance programs covering urban renewal, public housing and housing codes enforcement, as well as the growing number of centralized local relocation operations covering all public displacement activity. Their experience clearly indicates a strong need to make uniform payments and assistance

avaliable for *all* public displacement. Daily, they encounter situations of "unequal treatment" because families are displaced by different public programs and receive different levels of assistance. It is difficult to explain to a displaced family why it must receive fewer benefits because the public program causing the displacement is different. We commend the sponsors of this bill in seeking to end this unfair treatment.

Mr. Chairman, we are at a new stage in the evolution of knowledge and experience about the impact and approach to relocation—because of the leadership role in the urban renewal program since 1949. NAHRO is in the process of studying and evaluating this experience, with the view of presenting detailed recommendations to the Congress and to the Administration on changes and adjustments which should be made in relocation policy and administration to meet relocation needs as we see them at the local level. In our study effort, we will shortly complete a four-year study aimed at estimating the impact of relocation on the elderly, in cooperation with the University of Pennsylvania. We will also shortly complete two additional studies—one on the 10-year relocation experience in New Haven, Connecticut and another, a survey of current centralized relocation operations in 11 cities. A full listing of these study reports is attached to our testimony and we request that it be included in the record. In addition to our study effort, we are convening a workshop of relocation practioners from throughout the nation in Washington at the end of this week (May 16–17) to provide an opportunity to assemble their cumulative advice and counsel on the present status of relocation practice and ways to improve it.

Pending completion and evaluation of these studies and meetings, we would like to respond to the specific provisions of title VIII from the viewpoint of our present experience. At the same time, we request that if any additional recommendations on title VIII should result from the May 16–17 meeting of relocation personnel, we may file them for the record before the close of the hearings.

NAHRO would also like to make very clear that it strongly supports the move toward a uniform relocation system, and we would not want any of the specific recommendations which follow to detract from this central goal.

Here are our specific recommendations on title VIII.

Section 802(c)(3) and 807(a)(2)

We do not believe that under item (3) of section 802(c), providing an additional payment of $300 if the displaced person purchases a dwelling within one year after displacement, is adequate. We favor a provision that any displaced homeowner who cannot afford to purchase comparable housing in a new location (utilizing the sale price from his property as a down payment and spending 20 percent of his income for housing) be eligible to receive a flat additional payment to supplement his down payment and bring monthly housing costs within his reach. In consideration of this additional grant, the public agency would hold a lien on his property payable when the ownership of the property is transferred. More details on this amendment are attached to this testimony.

We further propose that any displaced renter household wishing to purchase a home be given special priority treatment under the home ownership assistance programs of the Federal government.

Under our comments on title IX, we have a further suggestion about compensation to home owners displaced by public action—a concept based on "hardship," rather than "market value."

Section 805(a)(2)(B) and 807(a)(1)

The moving expense allowance provided under this section does not provide for *direct loss of property* by either an individual family or a business. We believe that such a loss should be compensated as is now provided under Section 114 of the Housing Act of 1949.

Section 802(c) and 807(a)(2)

We do not favor the continuation of the relocation adjustment payment (RAP) as it is currently constituted under the Housing Act, or as it is contained under title VIII of this pending bill. Nor, do we believe that the dislocation allowance up to $100, as provided under section 802(c)(2) is adequate. Our experience with the RAP in practice is that it is administratively cumbersome and that it is inequitable. As an indication of the experience with RAP payment, we would like to file for the Record an article from the *Journal of Housing* (JOH No. 10,

1967). We would favor the replacement of the relocation adjustment payment as it is currently constituted and the substitution of a flat relocation adjustment payment by size of household (in addition to moving costs) which would be available to all those displaced and which would compensate for all the extra expenses and personal adjustments which result from any move in location. We would recommend also that any displaced family be given priority for any of the housing assistance programs of the federal government; and that his priority be spelled out in the Statute. We further suggest that additional funding be provided for the Section 23 Leasing Program administered by the Housing Assistance Administration to accommodate a supplementation of rents for displaced families in existing housing. We believe that the Section 23 Leasing Program is a much more adequate vehicle for rent assistance than the relocation adjustment payment; and this assistance can continue as long as the housing need continues. The use of the section 23 program might be further enhanced if the lease term was extended from 5 to 10 years, permitting the higher degree of rehabilitation. (Detail on the proposed RAP payment is attached.) We will have additional recommendation relating to the payments for home owners and businessmen displaced by urban renewal or public housing in our comments on title IX.

Title IX.—NAHRO strongly supports a uniform land acquisition policy for all federal and federally-aided programs. We are in general accord with the provisions of this Title. As in the case of relocation, however, we believe there is a need for a complete review of land acquisition experience under federally-aided programs and in particular, the administrative regulations based on the statutory requirements. During the last month, our Association has made a specific recommendation to the Secretary of Housing and Urban Development relative to the payment for properties taken from low-income families for urban renewal and public housing. We have recommended that when properties owned by home owners and small businessmen are acquired for urban renewal or public housing, that the top appraisal figure, of the two independently made appraisals required, be given automatically. In many *local* instances, such a practice is already followed and NAHRO believes it is only equitable that such a practice be extended to cover all such displacement. Since there is some question as to the authority of the Secretary to issue such an administrative regulation, we request that consideration be given to adding such a provision to either title VIII or title IX of S. 698, or indicating approval for such an administrative determination, in the Committee report.

We would also suggest that the subcommittee consider the feasibility of applying nationally a procedure recently adopted by the Maryland legislature which provides for payment of additional compensation, above "fair market" value, for certain owner-occupants of properties acquired by eminent domain. We are attaching to our testimony a copy of this Act of the State of Maryland.

As in the case of our detailed recommendations on title VIII (Uniform Relocation), we hope that these recommendations on title IX (Uniform Land Acquisition), will not be interpreted as detracting from the central goal of achieving uniform policies and procedures in these areas—a goal which we strongly support.

Mr. Chairman, we greatly appreciate the opportunity to present our views to this subcommittee.

EXHIBIT 1

NAHRO TESTIMONY BEFORE THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS OF THE U.S. SENATE, MARCH 12, 1968

NAHRO sees the need for a new concept and mechanism that will make local initiative and responsibility truly possible, and asks for joint deliberations by the Association, the Department of HUD, and the Congress to develop such a new approach. In the meantime, it specifically requests the Congress to reaffirm the principle of local initiative and responsibility.

My full statement is perhaps the most detailed public response NAHRO has ever made to a housing and urban development bill. We are firmly in support of the proposed Housing and Urban Development Act of 1968.

Yet, at the specific direction of the NAHRO Board of Governors, which met in Washington just two weeks ago, I must express to you our belief that none of this promising activity can be effectively moved forward unless there is a new

understanding about the placing of initiative and responsibility at the local level. Over the past year, the members of our Association have been increasingly concerned about the number of important national policies and procedures relating to our programs that have been issued without prior opportunity for local officials to make suggestions and comments. These omissions have covered a wide range of issues, including the "urban goals" policy; property management and land negotiation procedures in the urban renewal program; and the site selection, tenant assignment, and priority production procedures in the public housing program.

This matter is of such serious concern that our Program Policy Resolution for 1967–69, adopted by the full membership of our Association last October, expressed ". . . dismay and frustration . . . over the fact that a full measure of responsibility is not vested in local agencies . . ." and suggested that a first order of business for HUD should be ". . . the granting to local communities of a full measure of initiative and responsibility, in accordance with the declaration of purpose of the Housing Act of 1959."

NAHRO recognizes that there are important, critical matters related to national policy that are the proper concern of the Department of Housing and Urban Development at the federal level. But the full impact of national policy decisions can only be measured accurately at the *local* level. The difficulty concerns no individuals or officials at either the federal or local level—the fault lies in the present method under which national and local goals are established, and the inadequate mechanism that we now use to join them in a common program effort. The present system of detailed federal reviews of local operations breeds delays and frustrations. We need a new concept and a new mechanism that will make local initiative and responsibility truly possible, while recognizing the proper interest of federal government in program goals and the allocation of national resources.

Mr. Chairman, NAHRO realizes that it has an important responsibility in making recommendations that will help to establish the new concept and mechanism for the federal-local relationship. We are presently preparing a report that defines more fully our concept of local housing and urban development goals and a balanced local community development program. We hope we will have an opportunity to present this report to the Congress, as well as to undertake intensive discussions with the Department of HUD. In the meantime, we specifically request that the subcommittee include in its report a reaffirmation of the principle of local initiative and responsibility.

EXHIBIT 2

NAHRO PROPOSED AMENDMENTS ON RELOCATION: 1968 TESTIMONY

1. Change of relocation adjustment payment to a flat payment for all displaced families.—The system of *relocation adjustment payments* authorized by section 114 of the Housing Act of 1964 provides for payments of up to $500 to assist a displaced family in paying for the first 12-month period in its new housing, providing it cannot afford standard housing by expending 20 percent of its income for rent. In practice, this provision has proven complex, as well as difficult to administer in a complete equitable manner. In addition, it covers reimbursement for housing expenses only and then only for a 12-month period. NAHRO recommends that the local public agency be authorized to use, as an option, a Relocation Adjustment Payment as a flat payment, based on family size, and available to *all* displaced families to cover the unavoidable expense and distress involved in shifting housing location, in addition to moving expenses. We would recommend the following flat payments: 1–3 persons—$200; 4–6 persons—$300; 7 or more persons—$500.

2. Assistance to displaced homeowners where the price paid for their property does not permit them to purchase comparable housing in a new location.—Experience in relocation of families displaced by public activity has shown that there are many hardship cases which concern home owners, many of them elderly, who cannot afford to purchase comparable housing in a new location. The inequity occurs because the sum which they are paid for their property in the clearance area is not sufficient for a down-payment on comparable housing, with the resulting monthly cost still within their incomes. NAHRO proposes that in all cases where displaced home owners cannot purchase comparable housing

in a new location (utilizing the sale price from his property as a down payment and meeting resulting monthly housing costs within 20 percent of his income) that a flat additional grant be made to supplement his down payment to a point sufficient to bring the monthly housing costs within his reach. In consideration of this additional grant, the local public agency would hold a lien on his property, payable when the ownership of the property is transferred.

EXHIBIT 3

NAHRO STUDIES ON RELOCATION: 1964–68

I. *The University of Pennsylvania in cooperation with NAHRO* (1964–68.) Relocation of Elderly Persons Demonstrations and Research under a grant from the Ford Foundation.
   a. *Essays on the Problems Faced in the Relocation of Elderly Persons,* NAHRO and the Institute for Urban Studies, University of Pennsylvania, 137 pp., June, 1963, Second Edition, January, 1964.
   b. *The Elderly in Older Urban Areas, Problems of Adaption and the Effects of Relocation,* by Paul L. Niebanck with the assistance of John B. Pope, Institute for Environment Studies, University of Pennsylvania, 174 pp., 1965.
   c. *Reports on Local Demonstrations*
      1. *Relocating the Dispossessed Elderly—A Study of Mexican-Americans* (San Antonio, Texas) by Julie M. Reich, Michael A. Stegman and Nancy W. Stegman, 136 pp., February, 1966.
      2. *Preparing the Elderly for Relocation, A Study of Isolated Person* (San Francisco, California) by Wallace F. Smith, 104, pp., September, 1966.
      3. *The Social Functioning of the Dislodged Elderly, A Study of Post-Relocation Assistance* by David Joyce, Robert R. Mayer and Mary K. Nenno, 89 pp., December, 1966, Providence, Rhode Island.
      4. *Operation Janus, Serving the Elderly in the Process of Relocation* (New York City), 1968 (in final stage of publication).
   d. *Relocation: From Obstacle to Opportunity in Urban Planning,* University of Pennsylvania Press, 150 pp., July, 1968.

II. *NAHRO Studies Under a Section 314(b) Grant from the Department of Housing and Urban Development* (1967–68)
   1. *Relocation Becomes a Program in New Haven,* A History and Analysis of Relocation Experience from 1956–67, by Alvin A. Mermin (in final review stage).
   2. *The Moving Picture: A Survey of Centralized Municipal Relocation Services,* by Robert P. Groberg (in final review stage).

EXHIBIT 4

RELOCATION ADJUSTMENT PAYMENTS

(A case-study of why local operating experience is needed in drafting legislation and formulating regulations)

By Emanuel Gorland, Director, Office of Community Improvement, Department of Urban Renewal and Lincoln Park Housing Commission, Lincoln Park, Michigan.

By taking a particular piece of legislation—in this case Section 114(c)(2) of the Housing Act of 1949 as amended—Mr. Gorland shows how the intent of a law can be thwarted when the law is drafted and implemented by persons who are often unfamiliar with the problems of the local public agencies that must administer it.

A relocated site occupant, whom we shall call Mrs. Smith, recently visited the Office of Community Improvement to find out when she would be receiving her $500 relocation payment. Upon checking her case records, we advised that

nothing further was due and that all eligible moving expenses had been paid. She then complained that a former neighbor couple (we will call them the Browns) received, in addition to moving expenses, a check for $500.

We tried to explain to Mrs. Smith that, because the Browns were now primarily supported by social security, while her husband was still employed, and, because of the difference in their respective incomes, the Browns were entitled to the relocation adjustment payment but she was not. Mrs. Smith protested, however, that the Browns were far better off financially than she and her husband. The Browns had money in the bank, lived well, and had previously owned their home free and clear. Furthermore, when the city purchased their home, they bought a better one, also free and clear of any mortgage. "On the other hand," protested Mrs. Smith, "we were never able to afford even the down-payment on a home. If the purpose of the relocation adjustment payment was to help meet the monthly payments for decent housing, we need it a lot more. The Browns have practically nothing to pay each month, yet they received a large cash amount and we get nothing. It's not fair."

We feebly explained that we were only administering the laws and regulations as they were written. This was not our first complaint concerning relocation adjustment payments. And administrators and relocation personnel in many other communities report similar problems.

THE LEGISLATION

Relocation adjustment payments were authorized by Section 114(c)(2) of a 1964 amendment to the Housing Act of 1949. The original purpose of the payment, as proposed by President Johnson, was to provide a rent supplement to low-income families and elderly individuals who were unable to obtain facilities in public housing and who were unable to relocate into decent, safe, and sanitary housing at a price they could afford. It was based on the concept that such persons could generally afford 20 percent of their income for rent, leaving them in need of some financial assistance to obtain the desired housing. The intent of the payment was commendable * * * but the resulting legislation was so poorly drawn that it constantly plagues local administrators.

Each year, various individuals, organizations, government agencies, and Congress study and propose amendments to the 1949 Housing Act. Prior to adoption, there are lengthy hearings by Senate and House committees, which are followed by legislative haggling and compromise. Oftimes, the resulting law that emerges from these processes is vastly different from that originally proposed.

Section 114(c)(2) of the act provides that: "A local public agency may pay [in addition to reasonable moving expenses], on behalf of any displaced family or any displaced individual sixty-two years of age or over, during the first five months after displacement, a relocation adjustment payment, not to exceed $500, to assist such displaced individual or family to acquire a decent, safe, and sanitary dwelling. The relocation adjustment payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average rental required, for a 12-month period, for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family (in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities): *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act: *Provided further*, That payments under this paragraph shall be available only in the case of families, and individuals sixty-two years of age or over, displaced on or after January 27, 1964."

FORMULATING REGULATIONS

Although the amendment was signed by the President on September 3, 1964, it took almost five months for the Housing and Home Finance Agency to formulate the necessary policies and requirements, released as *Local Public Agency Letter* 321 on January 13, 1965.

The issuance of this *LPA Letter*, titled "Relocation Adjustment Payments and Small Business Displacement Payments," followed regional conferences held by HHFA with local administrators and technicians in order to obtain their viewpoints and recommendations. This was one of the few instances that local agency personnel were asked for their opinions concerning pending regulations.

Several supplementary *LPA Letters* have been issued concerning relocation adjustment payments. In addition to *LPA Letter* 321, still in effect are *LPA Letters* 323, 326, 331, 350, 362, and 363. Although HHFA generally did a commendable job of formulating procedures, some of the regulations it adopted have compounded the problem.

The major objection to Section 114(c)(2) is the provision that a local public agency may pay "during the first *five months* [emphasis added] after displacement, a relocation adjustment payment, not to exceed $500 * * *" In the very next sentence, however, the section provides that the "payment shall be an amount which when added to 20 per centum of the annual income of the displaced individual or family, at the time of displacement, equals the average rental required for a *"12-month period"* [emphasis added].

Because the time periods in the two sentences quoted above differ, HHFA, in formulating its regulations, required that, instead of a supplement payment, the *full* amount of the displacee's rent be paid each month up to five months. If any further amount was due, a cash payment of the balance would be made to the displacee. If, however, the amount due the displacee was less than adequate to cover the rent for the entire five month period, then the *full* rent would be paid each month until the total amount of the readjustment payment was used up.

For example, if a displacee was entitled to the maximum $500 payment and was paying a contract rent of $70 per month, his full rent would be paid by the local public agency for five months. Thereafter, he would be entitled to a single cash payment of $150. If another displacee was entitled to $400 and was paying a contract rent of $100 per month, the full rent would be paid only for four months and he would receive nothing thereafter.

As a result of this regulation, the displacees are not required to use any of their own money for rent while relocation adjustment payments are being made. In many cases, they utilize the money they would normally use for rent, together with any cash payments due them after the five month period, to indulge in unaccustomed luxuries or to purchase such things as a new color TV set. Thus the regulation defeats the intent of the act, i.e., that the money be used "to assist these people to accommodate themselves to their greater housing costs."

During the period these payments are made, few save the 20 percent of their income they are presumed to afford for rent. After the payments cease, the full contract rent often becomes a heavy burden on the tenant.

How It Happened

Rent supplementation was bitterly opposed by certain forces inside and outside of Congress. The new phrase "relocation adjustment payment" was born, in fact, to neutralize the bitter attitudes towards rent supplement payments. It was one of several terms considered. On page 3 of *LPA Letter* 307, dated September 16, 1964, explaining what the 1964 housing act provided, the term "rehousing assistance payment" was used—then, in *LPA Letter* 321, dated January 13, 1965, the payments became "relocation adjustments."

Using a different term to convey the same meaning is not an unusual legislative tactic. The *Wall Street Journal* has noted that picking a "right title can smooth a bill's path in Congress. * * * Picking a righteous sounding name like 'truth-in-lending' for a controversial bill * * * can be an effective ploy * * * Last year's Demonstration Cities Act for rehabilitating slums won grudging Congressional approval, but some lawmakers complained the name made voters think the Government wanted to encourage riots. Now the name has been changed to 'Model Cities.' * * *."

The terminology notwithstanding, certain elements in Congress were still opposed to what amounted to a rent supplement. In any case, by whatever name, there were differences of opinion as to the period over which payments were to be made. The President recommended a two-year period.

The Senate substantially adopted the President's recommendations on readjustment payments for relocatees but reduced the time period of the benefits from two years to one year. The bill, as originally adopted by the House of Representatives, provided for payment "to or on behalf of any indiivdual or family the monthly rental (or mortgage payment) required for the dwelling accommodation in which such individual or family is relocated during the first three months (after displacement) for which such rental or payment is due. * * *" A $200 limit on the total amount of the payments was also contained in the House version.

Due to the differences in the Senate and House provisions, the bill was referred back to a Senate-House conference committee. The conference report recom-

mended, and Congress adopted, the Senate's one-year provision and the Administration's recommended payment formula, based upon 20 percent of the recipient's income, but provided that the full amount be paid in five months, with a $500 limit in the total payment.

Although both bills contained major defects or omissions, the Senate version had the advantage of providing a true rent supplement, based on need, whereas the House version provided merely a bonus for moving to everyone, irrespective of need. Nevertheless, if *either* version, rather than the compromise, had been adopted, the administration of the payments would have been greatly simplified.

SHORTCOMINGS

Among the shortcomings in Section 114(c)(2), as adopted, is the fact that no provision is made for asset limitation in determining the eligibility of a displacee. Theoretically, a person or family could have extensive property or assets, such as jewelry, real estate, or even a million dollars cash in a bank vault. Yet if their actual verified income is low, they would qualify for the relocation adjustment payment.

Another provision of the section requires that in order to qualify for such payment, the displacee shall be unable to secure a dwelling unit in a low-rent housing project. Such projects have asset limitation policies that may disqualify otherwise eligible persons if their assets exceed a certain sum. By being rejected for public housing, such persons would immediately qualify for the relocation adjustment payment.

Another fallacy of Section 114(c)(2) is that it fails to take cognizance of the actual rent that the displacee pays in the computation of the amount due him. It requires that the local public agency determine the *average* rental required in the community for the size of unit necessary to house the elderly individual or a family consisting of a certain number of persons. For example, if the local public agency determined the average rental for a two-bedroom apartment of modest standards to be $100 per month in the particular community, but the eligible displacer obtained an apartment to meet all requirements at $80 per month, his payment would still be determined on the $100 basis.

Another apparent oversight in this section is the failure to differentiate between the eligibility of an owner or tenant. If a family or an elderly person has adequate assets to buy a good standard home free and clear of a mortgage, with sufficient income to afford the necssary payments for taxes and other expenses within the 20 percent of income criteria, they would still qualify for the relocation adjustment payment. The payment would also be determined by the average rental criteria, except that they would recive the full amount in a lump sum.

In many instances elderly persons choose to move in with children or other family members who are financially able to care for them. Under such conditions, even if the eligible relocatee is not required to pay a cent for his care, he would still be entitled to the full relocation adjustment payment, in a lump sum.

Section 114(c)(2) states "a local public agency *may* pay * * * a relocation payment * * * to *assist* such displaced individual and family to acquire a decent, safe, and sanitary dwelling." In interpreting this section, HHFA and its successor, the Departmentof Housing and Urban Development, seem to have ignored the fact that the section says "may" rather than "shall" and that its purpose is to "assist" in acquiring decent facilities. In the two preceding instances, it is questionable whether such lump sum payments were intended within the meaning of the act or in any way "assist" in relocating the recipients in decent housing. The detailed regulations adopted by HHFA leave little, if any discretion to the local public agency in determining eligibility.

It is interesting to note that according to the rules and regulations promulgated by the HHFA, every eligible low-income family and elderly individual who move from a renewal project area any time after the signing of a loan and grant contract or HUD concurrence in project execution activities are entitled to a relocation adjustment payment. There is no requirement for length of prior tenancy within the project area.

A low-income family could purposely move into the project area just before this period with full knowledge that they would have to move shortly thereafter and with full knowledge that they would receive these benefits. An elderly derelict, for instance, could move into a $1 a day flophouse just before this period and then relocate shortly thereafter to an efficiency apartment with all standard housekeeping facilities. He would have his full rent paid for five months and also receive a cash payment. Furthermore, the local public agency would be

obliged to attempt to locate such persons if they moved without knowledge of the local agency and without claiming such benefits.

It is also interesting to note that at the same time the 1964 housing act was providing a relocation adjustment payment for eligible low-income families and individuals 62 years of age and over, Congress also revised Section 105 (c) of the 1949 housing act by placing upon the local public agency the burden and responsibility of relocating *all* individuals as well as families. However, no provision was made for such financial assistance to individuals under 62 years of age, who because of physical disability or other factors, were equally in need of such help.

CONCLUSION

The foregoing is a critical analysis of but one subsection of the 1949 housing act. At the same time that HUD studies and recommends the enactment of the new amendments to the act and other pertinent legislation, it should also recommend correction of past legislation that has created unforeseen inequities or administrative problems.

Coupled with such review of existing laws, HUD should undertake a systematic review of its regulations and procedures. These are presently contained in the three volumes of the *Urban Renewal Manual*, local public agency letters, regional agency letters, technical guides, etc. Any local administrator can attest to the many problems created by the lack of a central index for such material.

The apparent purpose of the *LPA Letters* was that they be used as an advance notice of changes in regulations or procedures, until such time as they could be printed and incorporated into the *Urban Renewal Manual.* Many of the *LPA Letters* are drafted by HUD technicians, who may have little or no experience at the local agency level. Very often, other *LPA Letters* are required to revise, supplement, or replace previously issued letters. This only adds to the confusion.

To minimize this problem, drafts of proposed *LPA Letters* should be sent to selected local agencies and/or NAHRO liaison committees for review and comments prior to official release. Another constructive measure on the part of HUD would be the establishment of a target period, not to exceed six months, for the incorporation of any new *LPA Letters* into the *Urban Renewal Manual* or the development of new manuals similar to those utilized for the public housing program.

Because the administration of an urban renewal program is a complex undertaking, the sooner necessary measures are taken to simplify the procedures and improve administration of the program, the sooner the program will be accepted by the affected people as a vital necessity in our cities and towns.

EXHIBIT 5, SENATE OF MARYLAND, NO. 365 BY SENATOR BERTORELLI, FINANCE (By Request)

BY THE SENATE, FEBRUARY 16, 1968. INTRODUCED, READ FIRST TIME AND REFERRED TO THE COMMITTEE ON FINANCE—BY ORDER, J. WATERS PARRISH, SECRETARY

Senate Bill No. 365

AN ACT to add new Section 6A to Article 33A of the Annotated Code of Maryland (1967 Replacement Volume), title "Eminent Domain," to follow immediately after Section 6 thereof, requiring a condemnor in certain specified situations to pay to owner-occupants of single and two-family dwellings, in addition to fair market value, additional compensation not exceeding five thousand dollars ($5,000.00)

Whereas, the undertaking of public projects in residential areas has forced numerous owner-occupants to relocate; and

Whereas, studies have revealed that in acquiring comparable decent, safe and sanitary dwellings, displaced persons, particularly persons of low and moderate income, have often been required to expend considerably more money than received from the condemning authority for their condemned property; and

Whereas, such owner-occupants have thereby sustained serious financial loss; and

Whereas, the financial loss suffered by such owner-occupants often has been due to the progressive deterioration of the neighborhoods in which they reside, rather than the condition of their own dwellings; and

Whereas, such owner-occupants have thus been hindered in acquiring decent, safe and sanitary dwellings; and

Whereas, it is in the public interest to facilitate owner-occupants of dwellings taken for public purposes to relocate themselves as owner-occupants of decent, safe and sanitary dwellings; and

Whereas, the payment of additional compensation to owner-occupants of dwellings taken for public purposes would facilitate the relocation of such persons as owner-occupants of decent, safe and sanitary dwellings.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That new Section 6A be and it is hereby added to Article 33A of the Annotated Code of Maryland (1967 Replacement Volume), title "Eminent Domain," to follow immediately after Section 6 thereof and to read as follows:

(1) In the taking of any property which is improved by a single or two family dwelling occupied by its owner, in addition to fair market value of his property, the owner-occupant shall be entitled to receive additional compensation equal to the difference, if any, between the average costs, within the same political subdivision, of a decent, safe and sanitary dwelling generally comparable in size to the dwelling being taken, and the fair market value of the dwelling being taken; provided that such additional compensation shall not exceed five thousand dollars ($5,000,000) *for any such property; and provided, further, that such additional compensation shall not be paid unless the owner of said building was the owner and occupant thereof for not less than one (1) year immediately prior to the effective date of legislative authority for the acquisition of such dwelling and continued as an owner-occupant until commencement of negotiations for the acquisition of properties in the project area and moved because of the threatened acquisition of said dwelling. For the purposes of this section, the leasehold owner of a property subject to a redeemable or irredeemable ground rent shall be considered to be the owner of the property.*

(2) The appropriate condemning authority shall adopt rules and regulations for the implementation of the provisions of this section. Such rules and regulations may include a schedule containing a sliding scale correlating fair market values of dwellings to be acquired with specific amounts reasonably necessary to allow owner-occupants to acquire decent, safe and sanitary dwellings generally comparable in size to the dwellings being taken, as provided in this section.

SEC. 2. *And be it further enacted,* That this Act shall take effect June 1, 1968.

Mr. RAFSKY. I will be delighted to do that, and if we could have the opportunity to submit other statements at a later time, we would appreciate that as well.

Senator MUSKIE. That will be agreeable to the committee, and may I say I do appreciate your cooperation. I have just run out of my time this morning.

Mr. RAFSKY. Very happy to do so.

Senator MUSKIE. Thank you.

The committee is adjourned until tomorrow morning at 10 o'clock.

(Whereupon, at 12:05 p.m., the committee adjourned, to reconvene on Wednesday, May 15, 1968, at 10 a.m.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

WEDNESDAY, MAY 15, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 457, Old Senate Office Building, Senator Edmund S. Muskie (chairman), presiding.

Present: Senators Muskie, Democrat, of Maine, Baker, Republican, of Tennessee.

Mr. REUTTER. Thank you, Senator.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order. Our first witness this morning is Mr. John G. Reutter, president of the National Society of Professional Engineers. It is a pleasure to welcome you here again this morning.

TESTIMONY OF JOHN G. REUTTER, PRESIDENT, NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS, CONSULTING ENGINEERS COUNCIL; ACCOMPANIED BY BILLY T. SUMNER, REGIONAL VICE CHAIRMAN, PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE, NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS; AND JOHN FISHER-SMITH, CHAIRMAN, URBAN DESIGN COMMITTEE, AIA

Senator MUSKIE. I have to apologize for the condition of my voice; I have to apologize for my spring cold.

Mr. REUTTER. We are appearing here as a panel, three organizations. I represent a consulting council. The gentleman to my right, Mr. Sumner, represents the National Society of the Professional Engineers. And the architect on my left is John Fisher-Smith, chairman of the Urban Design Committee, American Institute of Architects.

Senator MUSKIE. And you each have prepared statements?

Mr. REUTTER. We each have separate testimony, that is correct. My statement will be first.

Mr. Chairman and members of the subcommittee: My name in John Reutter. I am president of John G. Reutter Associates, a civil-municipal-sanitary engineering firm located in Camden, N.J. I am registered both as a professional enginer and as a planner and I appear

before you today as president of the Consulting Engineers Council of the United States.

Until this year, our council has been in an awkward position with regard to intergovernmental cooperation legislation. The owners, principals, and associates of our more than 2,000 member firms have long felt the need for better identification and coordination of the many and complex programs being conducted by Federal agencies in cooperation with local governmental bodies. At the same time, our members have been concerned that the technical assistance sections of such proposals might open the door for Federal agencies to provide special or technical services in direct competition with private firms.

Thus, we have generally endorsed the intent and objectives of the intergovernmental cooperation philosophy, but have opposed the suggestion that Federal agencies be authorized to render services of a competitive nature to local governmental units which are oftentimes our clients.

We are pleased to note, however, that title III, section 302, of S. 698 attempts to assuage the concern of consulting engineers and others over the possibility of Federal competition. We particularly support the stipulation under this title, that recipients of special or technical assistance will be required to reimburse the Federal Government for all computable direct and overhead costs in connection with the performance of such services. Our members believe that communities, given the choice of purchasing services from public or private sources, will prefer to use local firms who are reasonably and expeditiously available through ordinary business channels.

We are, of course, assuming that the reference to "direct and overhead costs" includes all of the items set forth as costs in Bureau of the Budget Policy Memorandum A–76. In other words, local governments would reimburse the Federal Government for salaries, fringe benefits, materials, insurance, rent, Federal taxes, depreciation, utilities and similar standard expenses of any business operation. We believe that incorporation of all such costs is just and proper and that collection of same is in the interest of both the Congress and the American taxpayer.

We are further pleased by the proviso in title III, section 302, that the only special or technical services which may be provided to State and local units of government are those which have been approved by the Director of the Bureau of the Budget. While there is no indication of how such approval is to be obtained, we assume that the Bureau will issue guidelines which private industry will be given an opportunity to review and comment upon prior to adoption. This is implied in the reference to "rules and regulations (which) shall be consistent with and in furtherance of the Government's policy of relying upon the private enterprise system." We hope this statement of intent will serve to prevent any activity such as we have experienced in the past, wherein Federal agency engineering staffs have competed directly with private firms for both private and public engineering assignments.

Contradiction of the private enterprise philosophy is only one of several reasons why Government agency personnel should have no interest in duplicating services available from private sources. For example, there is pressing need for staff personnel to develop guidelines and procedures for improving administration and coordination of the various programs over which they have direct or related responsibility.

Even President Johnson has pointed out the need for eliminating unnecessary red tape in Federal grant-in-aid programs. As recently as last October, the President publicly noted that many Federal agencies are taking much too long to process applications filed by state and local governments.

Our council agrees. We think it is time that something be done to bring some order to the conduct of the various assistance programs, some of which are so ineptly handled that they have been cited by local public health officials as doing more harm than good. Legislation which once raised aspirations and aroused hopes of many citizens is now the source of grave disappointment.

In just the water-sewer field alone, hundreds (perhaps even thousands) of applications have been in process for periods in excess of half a year. Rules and procedures for handling applications are still being finalized and standardized more than 2 years after the programs have been implemented. Despite the knowledge that appropriated funds cannot possibly meet existing requests, local offices of some agencies continue to promote their respective programs and to solicit applications. Mayors and other local officials have termed the delays and constant procedural changes a "break of faith which produces frustration and impatience on the part of the very people the Government is trying to aid."

The Intergovernmental Cooperation Act, with its proposed coordination of policy in the administration of grants and loans for urban development, could be a valuable aid in correcting current difficulties. We particularly endorse the provisions of titles IV, V, and VI of S. 698 with regard to (1) establishment of rules and regulations for uniform evaluation and review of urban development programs, (2) regular congressional review of the process of ongoing or expiring programs, and (3) Presidential authority to consolidate overlapping and duplicative programs within the same functional areas.

In endorsing such review, however, we would like to suggest that the Congress and the executive branch establish a channel by which the comments and recommendations of applicants and their agents may be included as an integral part of program studies. This suggestion is prompted by the misleading content of the September 1967 interagency report to the President. That report, entitled "Reducing Federal Grant-in-Aid Processing Time," was prepared by a joint administrative task force comprised of representatives of various participating Federal agencies. In our opinion, the report is more a reflection of desired improvements which agencies hope to achieve, than it is a summary of specific accomplishments.

The President, on October 31, 1967, directed that certain of the improvements stipulated in the task force report be carried through. There is real question as to whether the President's directive has, in fact, received total compliance. As an example, the report calls for standard guide documents for engineers. These have not been forthcoming and, in view of the complexities of individual projects, probably should not be adopted except in a general form. In another instance, the report discusses elimination of repetitious information and requests for more data during preliminary review and rating processes. Yet communities which have already received grant clearance still suffer through time delays caused by Federal reinvestigation of certi-

fication of previously approved local finance officers who are bonded custodians of public funds and are subject to State audit. Even city or county attorneys need to be recertified on each and every application.

The interagency task report, under the section on "Results," notes that agencies are "revising internal processing procedures by eliminating technical review in Washington." The facts of the matter are that a number of agencies still insist upon review of contract forms, applications, or even construction plans by overloaded national staffs.

So as to insure a completely objective review of the extent to which the purposes and activities of the Federal grant-in-aid programs are being carried out, we would recommend that the proposed (in S. 698) reports by the special congressional committees, General Accounting Office and Advisory Commission on Intergovernmental Relations, be supplemented with reports from local officials and their representatives regarding administration and impact of programs as viewed by recipients. We believe a far more accurate picture may result.

In this connection, our council has been instrumental in bringing together construction, financing, engineering, planning, administrative, and other interests concerned with improving the various water-sewer grant-in-aid programs to States and municipalities. This group of 28 associations, now known as the "Advisory Council on Federal Water-Sewer Programs," has maintained close and continued liaison with an interagency committee comprised of representatives of the Department of Housing and Urban Development, the Economic Development Administration, the Farmers Home Administration, and the Federal Water Pollution Control Administration. Together, these two groups—one representing the public, the other representing the agencies—have been striving to develop new forms, standardize planning requirements, establish time limitations in processing, better define financial arrangements, tie down priority systems, speed up availability of accurate statistical information, and broaden systems compatibility. The success of this cooperation is reflected in a new standard form 101 as well as generalized terms and scope of services to be covered in three out of the four agencies' engineering agreements. We believe this relationship could very well serve as a guide for incorporating similar outside participation in reviews and studies which are recommended in S. 698.

Finally, our council is pleased to support section 203 of title II of the Intergovernmental Cooperation Act calling for State handling of Federal grant-in-aid funds. We believe that Federal aid can be better managed at the State level for no other reason than the fact that it eliminates an unnecessary, and generally remote, step in the sequence of events which must occur in the evaluation and approval of any application. Certainly it makes sense that Federal aid be channeled through the States, rather than direct to localities, when the States (1) are providing at least half of the non-Federal share of the funds, and (2) possess the appropriate administrative machinery, as they do in State departments of public health or departments of urban redevelopment, to handle such programs.

In summary, Consulting Engineers Council believes that a searching review of present Federal aid to local governments is badly needed and that further escalation of current methods and procedures can

only result in further waste of public funds, growth of bureaucracy, and a weakening of the importance of local government. S. 698 and related bills represent a comprehensive and sincere plan for reducing and overcoming such problems, and we are, therefore, pleased to extend to it our support and to recommend its adoption.

We greatly appreciate this opportunity to present our views on this very important subject.

We thank you.

TESTIMONY OF BILLY T. SUMNER, REGIONAL VICE CHAIRMAN, PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE, NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

Mr. SUMNER. Mr. Chairman and members of the subcommittee, I greatly appreciate this opportunity to present the views of the National Society of Professional Engineers on S. 698, the proposed Intergovernmental Cooperation Act.

As Mr. Reutter, my colleague, stated, my name is Billy T. Sumner. I am a professional engineer, registered in six States, and a partner in the consulting engineering and planning firm of Barge, Waggoner & Sumner, of Nashville, Tenn. I am vice chairman of the Professional Engineers in Private Practice Section of the National Society of Professional Engineers for the Southeastern region and also serve as chairman of the section's Government Relations Committee.

The National Society of Professional Engineers is a nonprofit organization composed of 53 State and territorial professional engineering societies with more than 500 chapters and over 66,000 members, all of whom are qualified under applicable State engineering registration laws. Our membership includes professional engineers engaged in virtually every specialized branch of engineering practice and type of employment—Government, education, industry, and private practice.

I would like to comment today on behalf of NSPE on the provisions of title III of S. 698 relating to specialized or technical services to state and local governments, upon request, on a reimbursable basis. "Specialized or technical services" are defined in section 108 of the bill to cover such a broad range of services that in the absence of clear language in the bill to the contrary, coupled with a clear expression of congressional intent in the legislative history, we would be seriously concerned that title III might be interpreted and applied to put Federal departments and agencies in direct competition with private firms and consultants already providing such services to state and local governments.

Happily, when this committee was considering similar provisions in the predecessor bill to S. 698 (S. 561 in the 89th Cong.) it was agreed by all concerned that the intent was not to place the Federal Government in competition with private firms and consultants, but simply to make available to state and local governments services which they otherwise would not be able to obtain.

As stated in the report of this committee on S. 561 (S. Rept. No. 538, 89th Cong., first sess.):

*** * * in light of recommendations made by the Budget Bureau, the Advisory Commission, and Mr. Paul H. Robbins, Executive Director of the National**

Society of Professional Engineers, the Committee agreed to remove any ambiguities concerning the kind of services that would be provided * * * this was done in order to avoid the unfair competitive practices which consulting engineering, mapmaking, and photogrammetry firms have criticized. Extensive discussions with staff members of the Budget Bureau familiar with this problem produced the following clarifying language, which was added at the end of new Section 402:

Provided, however, That such services shall include only those which the head of the Federal agency concerned determines are not reasonably or expeditiously available through ordinary business channels.

The Committee believes that this amendment, along with the definition of such services found in section 106, Title I of the revised bill should correct any misconceptions concerning this section's scope and purpose.

(Report, p. 17).

Later in the report (p. 32), the committee elaborated further on the purpose of the provisions relating to "specialized or technical services" by stating, and again I quote:

The services authorized by this title * * * shall include only those which the head of the Federal agency concerned determines are not reasonably and expeditiously availablge through ordinary business channels. The purpose of this title is to make available to State and local governments ony those services which agencies and departments * * * are uniquely able to perform * * * The language of this section makes it clear that the Federal Government, by the authorization of this title, and unless clearly authorized by statute, should not be placed in direct competition with private businesses which are normally capable of performing the needed services. * * *

Title III of S. 698, the pending bill, contains new language clarifying the intent that the authority to provide specialized or technical services is not to be used to provide services available from private firms and consultants. We believe this language should be effective in preventing unintended competition, and in some respects is better than the amendment added to S. 561, the original bill.

We are particularly pleased with the addition of new language explicitly referring to the Government's policy on relying on the private enterprise system. We do urge, however, that language similar to that already quoted from the Committee's report on S. 561, the predecessor bill, be incorporated in any report on S. 698, the pending bill, to assure that it is crystal clear the basic intent of title III remains unchanged, even though some changes have been made in the language of the bill itself.

Regarding title IV of S. 698, we support the policy declarations and requirements set forth in section 401 relating to the sound and orderly development of urban communities—particularly the requirement that rules and regulations established by the President governing the formulation, evaluation and review of federally aided urban facilities and projects shall provide for full consideration of the concurrent achievement of the eight objectives set forth in subsection 401(a).

We believe it is highly important, however, that the intent behind this requirement be spelled out and clarified in any committee report on the bill, to assure that its purposes will be accomplished.

Practically all members of the various design professions, we feel certain, would readily agree that effective accomplishment of the eight objectives enumerated in subsection 401(a)—ranging from appropriate and use to high standards of design— necessarily involves engineering and engineering decisions. Thus, implicit in subsection 401(a) is the requirement that engineers, as well as other design pro-

fessions and other appropriate disciplines, be brought into the urban planning process at the outset, to take part in the formulation, as well as the implementation, of programs and plans relating to federally aided urban development.

Since in all too many cases, in the past, consideration of the engineering aspects of urban projects has been overlooked or ignored in the formulation of programs and plans, we ask the Congress intent that all appropriate disciplines, including engineering, be brought into the urban planning process at the outset be spelled out as clearly as possible throughout the legislative history of S. 698.

In this regard, I would like to submit for the record a "Guide to Professional Collaboration in Environmental Design," which has been jointly developed and adopted by the three societies represented here today—NSPE, the Consulting Engineers Council and the American Institute of Architects, together with the American Institute of Consulting Engineers, the American Institute of Planners, the American Society of Civil Engineers, and the American Society of Landscape Architects. The guide emphasizes the need and desirability for collaboration among all environmental design professionals, and sets forth guidelines and tenets aimed at promoting and facilitating cooperation and teamwork among professionals who deal with research, planning, design and construction of man's living environment. We believe the guide will be useful to the committee in the course of its current hearings, and in developing a report on the comprehensive planning provisions of S. 698.

Mr. Chairman, we sincerely appreciate this opportunity to present our views, and will be happy to cooperate with the committee in every way possible.

(The attachment to Mr. Sumner's statement follows:)

PROFESSIONAL COLLABORATION IN ENVIRONMENTAL DESIGN

(This Guide has been approved and adopted by the American Institute of Architects, the American Institute of Consulting Engineers, the American Institute of Planners, the American Society of Civil Engineers, the American Society of Landscape Architects, the Consulting Engineers Council of the United States and the National Society of Professional Engineers)

PREFACE

In the interest of promoting the public health, safety and general welfare, national organizations representing members of the design professions who deal with research, planning, design and construction of man's living environment have jointly prepared this guide to professional collaboration in environmental design.

There is a continuing need for a better understanding of the services offered by those professions concerned with the conception, analysis and design of planning and construction projects. Uncertainty often exists in the minds of both the public and the design professions as to the functions performed and the areas of service provided by these professions. All of them entail exhausive study and research, demonstrated talent in planning and design, and devotion and integrity in guarding the public welfare and the client's interest. To delineate the various design functions and areas of practice precisely is impractical, as they may overlap to a degree.

However, with the complexity and magnitude of present-day buildings and man's living environment, the merging of design services through collaboration among all environmental design professionals is required to meet advancing environmental standards, to solve the complicated design problems of contemporary projects, and to produce unified and harmonious results. Such collaboration

and teamwork throughout the planning and design cycle are supported wholeheartedly by environmental design professionals in the interest of their clients and the public.

It should be noted that, since registration is not presently required of all design professionals in all states, the references to professional licensing, registration, registration laws or legal qualifications made in this statement are applicable to professionals whose registration is required in state laws.

TENETS OF THE COLLABORATING DESIGN PROFESSIONS

The environmental design professions include Architects, Engineers, Landscape Architects and Planners. Members of these professions adhere to the following tenets:

(1) They uphold the dignity and advance the progress of other design professions by exchanging information and experience.

(2) They familiarize themselves with the registration laws of the other design professions and adhere to the spirit as well as the letter of those laws.

(3) They recognize, whenever a project involves skills practiced by several professions, that close collaboration is desirable between them and should begin at the very earliest stage of research, analysis and design, and at that time the responsibilities of the collaborating professions should be clarified and established.

(4) They perform their services in accordance with the standards of conduct and code of ethics of their individual professions, and each respects the standards and code of the other professions.

(5) They respect the professional reputation, prospects or business of all their colleagues in the design professions.

(6) They do not supplant another design professional after definite steps have been taken toward his employment whether as principal or as collaborator.

(7) They do not engage in competitive bidding with another design professional on the basis of professional charges.

(8) They do not accept a commission on a contingency basis as a device for obtaining work.

(9) They will not accept a commission on which another design professional has been engaged, unless his connection with the work has been terminated.

(10) They do not offer the services of another professional as a collaborator without his consent.

(11) They do not review the work of another design professional except with his knowledge.

(12) They do not alter or copy reports, drawings or specifications prepared and identified by another design professional, whether or not bearing his seal, without his knowledge and consent.

(13) They give due public recognition to the work performed by collaborating design professionals.

Collaborative service contracts

The combined talents of collaborating design professionals and their coordination are required on many projects.

Ordinarily the client's interests are best served in the research, analysis and design of a project when the client has a single contract with a prime professional who is responsible for direction of the work and for providing through collaboration the specialized services that may be needed. This makes available to the client all the advantages of specialization and at the same time centralizes responsibility. It is then up to the prime professional to see that collaboration is initiated at the earliest possible stage and carried on throughout the life of the project.

It is recognized that some long-range planning projects requiring continuity and some projects with a prolonged construction period may be better handled by separate contracts between the client and individual professionals under the general guidance of a coordinating professional.

Selection of prime professional

It is the responsibility of the client to select and designate the prime professional and to approve the selection of the collaborating professionals for his project. When the major portion of a project is in the recognized category of a particular design profession, a member of that profession should be the prime professional. The prime professional's design ability, professional reputation,

demonstrated competence, practical efficiency, business capacity and integrity, good judgment and ability to obtain the cooperation of those involved in a project will be the primary considerations in his appointment.

Coordination of the work

The prime professional is responsible for the design of the project. He will be the project coordinator and will have the responsibility for selecting the collaborators with the consent of the client.

The education, experience and registration (as prescribed by state law) of each of the collaborators qualify him for design services of particular type and scope. Each design professional is cognizant of the training and experience required for competency in the design professions, and does not render his services in those areas in which his qualifications are not established.

Contractual responsibilities

The allocation of professional responsibilities is determined in joint conference between the prime professional and the collaborating professionals prior to the design work to insure proper consideration of all elements.

When the collaborative design services are performed under a single contract, the areas of responsibility and the division of the fee between the collaborators are determined by negotiation between the prime professional and the various collaborators, and are agreed upon prior to the start of design work.

When separate contracts between the client and the various collaborators are executed, all such contracts should include a clear statement of areas of responsibility and work, should state which of the parties is to be the project coordinator and define his authority.

Professional firms

Many firms will include in their organizations more than one of the usual specializations of the environmental design professions. Such firms may perform more than one function, or may perform all design for an entire project, to the extent they are legally qualified. Two or more professionals or professional firms may form a "joint venture" for the purpose of rendering the client a complete design service.

SELECTION AND COMPENSATION OF ENVIRONMENTAL DESIGN PROFESSIONALS

Selection basis

Environmental design professionals furnish the creative talent necessary to bring into realization the client's projects. The environmental design professions are learned professions requiring of their members sound technical training, broad experience, personal ability, honesty and integrity. The selection of design professionals by an evaluation of these qualities is the basis for comparison of their services.

Many projects require the teamwork of several collaborators. The design team provides management, research, planning, design, drafting, technical and nonprofessional personnel and the facilities needed. It is essential that the client understand that design professionals have expenses considerably greater than direct salaries. Adequate compensation is necessary for them to provide the scope and quality of services that the client desires and has a right to expect.

Members of the design professions will not solicit or submit proposals for professional services, including supporting services, on the basis of competitive bidding. Such competition by design professionals for employment on the basis of professional fees or charges is defined as: the formal or informal submission, or receipt, of verbal or written estimates of cost or proposals in terms of dollars, man-days of work required, percentage of construction cost, or any other measures of compensation whereby the prospective client may compare services on a price basis prior to the time that one individual, firm or organization has been selected for negotiation.

Selection policies

The responsible member of the professional firm being considered by the client for a particular project, having established competency to perform the necessary services, must be legally qualified to practice as prescribed in the state in which the services are required, and must have adequate recent experience in responsible charge of the professional disciplines involved. The client

is referred to the appropriate professional society for a definition of "responsible charge" if he is not familiar with the requirements.

Every firm being considered should be requested to provide complete information on its qualifications. The information should include the personal qualifications of principals and key personnel, current work load and a record of recent projects. Similar information should be supplied for the collaborators.

Selection procedures

In selecting the prime professional, the client should proceed as follows:

1) Prepare a description of the proposed project, the purpose to be served and any other pertinent factors for transmittal to design professionals.

2) Request data on the qualifications of a reasonable number of professionals (and their proposed major collaborators) who appear capable of meeting the requirements of the project, and review their qualifications and experience.

3) Arrange personal interviews, preferably in the office of each professional, to assure mutual understanding of the contemplated project and the capabilities of the firm.

4) Investigate each professional's work, if desired, by requesting a visit to one or more of his projects, or an interview with the owners and possibly others associated with the projects. Where appropriate, this procedure may be extended to some or all of the major collaborators.

5) Select the preferred prime professional and reach an agreement on mutually satisfactory contract terms, including compensation based on the value of the services to be performed.

6) If a satisfactory agreement cannot be concluded with the preferred prime professional, the client terminates the negotiation and repeats the process of review and negotiation with the next party of his choice.

Compensation

Compensation for professional services may be established by a variety of methods. Professional societies have issued manuals describing these methods, and the client may wish to refer to these manuals for guidance. Among the more common methods, or combinations thereof, are the following:

1) Percentage of construction
2) Lump sum
3) Cost plus a fixed amount or percentage
4) Salary cost times a factor
5) Per diem
6) Retainer fee

The type and size of the project, the scope of the professional services required, the area in which the design professional is located, and the area in which the work is to be performed, all have a bearing on the cost of professional services. Quality is the only true measure of the services offered by the professional.

Functions of the coordinator

Where professional services are performed under a single contract between client and prime professional, the prime professional acts as coordinator. In addition to his usual services as a design professional, it is his duty and responsibility to:

1) Negotiate the scope of professional services, compensation and terms of payment with each independent collaborator.

2) Prepare a time schedule based upon the client's program for the project in agreement with the client and collaborators.

3) Obtain from the client, and furnish as needed to the collaborators, all surveys, subsurface and soil mechanics investigations and reports, and other necessary data.

4) Arrange for all project conferences between the client and design collaborators, and maintain liaison continuity with them on all project matters.

5) Coordinate and transmit all recommendations received from and made to the client.

6) Assume final responsibility for all decisions required by the agreement with the client for the services to be rendered.

7) Establish and coordinate design standards with concurrence of the collaborators and, where pertinent, coordinate statements of probable construction cost prepared by them.

8) Where construction is involved, it is also the duty and responsibility of the coordinator to:

a) Coordinate the preparation and arrange for the printing, publication and distribution of the construction contract documents.

b) Advise the client of the construction contract procedure, and with the advice of appropriate collaborators, assist in compiling a list of bidders or aid in negotiations with selected contractors.

c) Coordinate the analysis of bids and submit to the client recommendations as to award.

d) Coordinate the general administration of the construction contracts among the collaborators.

e) Prepare a completion report with the assistance of the collaborators and recommend as to acceptance of the work.

This document is subject to periodic review by the participating professional societies for the purpose of keeping it current with respect to professional practice. Suggested amendments will be considered collaboratively in connection with future revised editions of this guide.

Senator MUSKIE. Thank you, Mr. Sumner. Now Mr. John Fisher-Smith.

TESTIMONY OF JOHN FISHER-SMITH, CHAIRMAN, URBAN DESIGN COMMITTEE, AMERICAN INSTITUTE OF ARCHITECTS

Mr. FISHER-SMITH. Thank you, Mr. Chairman.

Members of the subcommittee, my name is John Fisher-Smith. I am a practicing architect in San Francisco, Calif., and chairman of the American Institute of Architects' committee on Urban Design. Today it is my privilege to appear on behalf of the AIA—a professional society representing 22,000 licensed architects—to discuss certain provisions of S. 698, the Intergovernmental Cooperation Act.

SPECIALIZED OR TECHNICAL SERVICES

In 1966, when legislation (H.R. 17955) similar to S. 698 was pending before the House Government Operations Committee, the institute, along with several national engineering societies, expressed its opposition to a provision authorizing Federal agencies to provide specialized or technical services to State or local governments. We recognized the objective intended to be accomplished, but we saw an unwelcome dividend in the anticipated infringement of the interests of private practitioners. Accordingly, we recommended that language be added to the legislation to permit the Government to supply such specialized or technical services only when the agency head determines such services are not reasonably and expeditiously available through ordinary business channels. We are pleased to note that the bill before this subcommittee reflects such language. In the opinion of the AIA, S. 698 now offers satisfactory safeguards to private practitioners engaged in offering specialized or technical services.

To further clarify our position, we should like to encourage high standards of professional conduct and expertise in government since only by having wise and talented advisers can Government aspire to high standards of performance in the planning of its programs. We believe, however, that the specialized or technical services of architects and other design professionals employed by the Government should be serving in the capacity of adviser, policymakers, and decision-makers to make Government a wise client.

EVALUATING URBAN DEVELOPMENT PROGRAMS

Title IV of the bill requires the President to establish rules and regulations to be applied in formulating, evaluating, and reviewing urban development programs. Such rules and regulations are to incorporate eight specific objectives including appropriate land use, conservation of natural resources, balanced transportation systems, and concern for high standards of design.

We strongly endorse this section of the legislation. It is most important that federally assisted urban development be formulated and administered in accordance with guidelines that relate to the overall goal of developing sound, healthy urban communities. Such a broad concern for community values is highly commendable.

While the language of the bill is excellent, we wonder if a citizen can do anything about a transportation system that is not balanced, a highway that destroys a unique historical area, or a public housing project that is poorly designed.

In our opinion clear, national urban and environmental goals must be developed. Without such goals, all value and judgment phrases are not as meaningful as they might be because there is no standard to measure accomplishment. Furthermore, it is one thing to consider developing a balanced transportation system and quite another to require it. As contemporary events indicate, wishful thinking about economic, social, and cultural development does not solve the problems of the poor or homeless. We advocate that the objectives stated in title IV be mandatory requirements. This type of commitment and resolve is necessary for sound urban development.

In 1949 Congress established the national housing goal of a decent home and suitable living environment for every American. With nearly 20 years of experience with Federal programs ostensibly designed to fulfill that goal it is possible to measure national performance and to take corrective action.

Many other areas—such as land use, open space in congested urban areas, urban development, to mention only a few—require similar explicit statements of national purpose. We do not suggest that this legislation be amended to state such goals. But we do believe that intergovernmental cooperation will be more meaningful if all levels of government were working together to accomplish specific objectives. Hopefully, the rules and regulations promulgated by the President will be a step in this direction, and will provide the basis for further congressional inquiry.

FEDERAL URBAN LAND USE

Title VIII is designed to provide harmonious intergovernmental relations by requiring Federal land transactions in urban areas to be consistent with local planning, zoning and land use procedures. We believe that if this title is enacted it will, indeed, foster good relations between Federal and State or local governments.

But we also believe the acquisition, use and disposal of Federal land could serve another important purpose; namely, to promote sound planning, zoning, and land use policy. It should be the obligation of the Federal Government to make such transactions in accordance with the planning and land use objectives of local government only when

those local objectives are compatible with the development of the whole area. If the objectives of the unit of local government are incompatible with the area development then the Federal Government should encourage perpetuation of such policies.

Accordingly, we suggest the language of section 802 be amended as follows:

DECLARATION OF PURPOSE AND POLICY

SECTION 802. It is the purpose of this title to promote more harmonious intergovernmental relations and sound planning, zoning and land use practices by prescribing uniform policies and proecdures whereby the Administration shall require, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall be consistent with and promote sound zoning and land-use practices and shall be made to the greatest extent in accordance with sound planning and development objectives of the local governments and local planning agencies concerned.

Furthermore, we believe the Federal Government should require comprehensive planning as a condition precedent to the disposal of Federal real property, rather than leaving such planning to the discretion of local government as provided by section 803. In our opinion, adding this requirement may spark planning activity where none was contemplated by local officials.

CHANGING TIMES

In conclusion, we wish to note our great respect for the Federal system, and for the autonomy of governmental bodies within their spheres of jurisdiction. But we think the changing times may require greater experimentation into specialized governmental units. Interstate compacts, such as the one being worked out between California and Nevada for the Lake Tahoe area, regional authorities, and the like might prove to be more effective means of marshaling resources to combat pollution, to accomplish highway planning, and to initiate effective land use policies than the elaborate structure of local governmental institutions now coping with such problems. We suggest that this is an area requiring study which might be generated by this distinguished subcommittee.

We appreciate very much the opportunity afforded to appear before this committee. If there are any questions we will do our best to answer them.

Thank you.

Senator MUSKIE. Thank you very much.

I note that you all expressed in the opening portions of your statements the problem of competition raised by the issue of the specialized and technical services. I am happy that apparently we have overcome the bulk of your objections, if not all of them, in the language of the bill. I gather that you agree on that point.

Mr. REUTTER. Yes, sir.

Senator MUSKIE. Mr. Fisher-Smith, with respect to your proposed language for section 802, is it your intent that such language give the Federal Government veto power in properly planning the objectives which it did not consider sound?

Mr. FISHER-SMITH. No, sir, I do not believe that is possible; rather I believe that there are instances where the Federal Government has been the custodian of lands and this custodianship has been beneficial

to the development of the country or the area as a whole. For example, there are green headlands of the Golden Gate in San Francisco where Presidio is on the north end of San Francisco Peninsula and has been an Army base ever since this country was taken over from the Spanish, and Fort Baker, Fort Concrite, and Fort Berry have been on the southern tip of Marin Peninsula for many years. And as a conservationist, I believe that this is a good thing. The Federal Government has served as a fine custodian.

There has recently been talk of releasing some of these lands. At first there were many people who said we need these lands for private development, for houses, and for apartments and dwellings. Other say the areas should remain as green headlands because they serve the entire area. Finally ways were worked out so that the State could acquire one of these areas. I believe Concrite, has now become a State park. Due process was followed. There was a chance for debate before the Government undertook specific action.

Senator MUSKIE. So what you are really urging there is a two-way dialog designed to aim at sounder policy and not a mandatory authority on the part of the Federal Government at all.

Mr. FISHER-SMITH. Correct.

Furthermore, I am urging that the Federal Government not release such lands until it is certain that the public interest has been satisfied. If there is sufficient dialog, I think that objectives can be fulfilled.

Senator MUSKIE. Any questions?

Senator BAKER. The question the chairman puts is basic to virtually every categorical grant-in-aid program or other Federal program that is undertaken; that is, how do we go about implementing the question of soundness. I wonder if you would agree that we are dealing here with the question that is more delicate than just the question of whether the Government can or cannot decide if a given project or given transaction is in the public interest. Rather, we are dealing with the range of choice or criteria by which this is judged. I very much doubt, for example, that anyone would want to completely abdicate the concern of the Government from other public welfare, and on the other hand, I very much doubt if anyone would want the professional engineers of this country to have their judgment overturned by administrative agencies. I wonder what suggestion you would have on the best policy in this situation for fairness.

Mr. FISHER-SMITH. I believe it was the intent of our statement, that if the objectives of the unit of local government are incompatible with the objectives for the area of development, this would be a definition of unsound development.

I am not satisfied, however, that the words "unsound development" are adequate.

In answer to your question, I believe that sound planning and zoning and other land use practices result from a comprehensive planning process involving many disciplines, and these must cover a sufficient area or region to be pertinent. I think the problem that we are talking about in the disposition of public lands would be, for instance, a large base containing a great deal of area in a small rural community where the community lacks the technical expertise and sophistication to cope with such a problem and where the pressures, for some development or some industrial use may be very great and may be backed by a great deal of technical expertise.

One way to avoid this inequity would be to bring in the State or bring in an area form of limited government (if there is one in the area) to assist in evaluating what would be sound development of the property.

Senator BAKER. I think that is further insight on how you would emulate that concept.

Senator MUSKIE. Gentlemen, you have made several other suggestions in your statements.

Did you want to make a comment, Mr. Sumner?

Mr. SUMNER. Yes; please, on the matter that Mr. Fisher-Smith has pointed out.

The staffing of these agencies by competent professionals of the widest possible experience and training, with adequate remuneration so that they would be attracted to this kind of thing, will do a lot to implement. Of course, you cannot legislate taste, or like some of our laws say, that it be one way. It is very difficult.

But, by the language that has been suggested here, and I am sure other terms could be developed, an emphasis can be placed on quality of design and thoroughness of design and I think that agencies will pick up and develop ways of implementing. I think the Congress makes it abundantly clear that they intend for much more attention to be given to good design. I think it will be implemented. I think there are other examples. I cannot recall any to mind now, where just a phrase has been picked out of law and developed into a whole field of endeavor.

Senator BAKER. That reminds me of the traditional classic definition of a reasonably prudent man, which I am sure was a lion's choice of language and then just passed over in the system of jurisprudence and now occupies fully 50 percent of the decision law of this country and its predecessor. So, you are right, it does grow out. It is a question of interpretation and thus the quality of taste and implementation of substantive matters cannot be dealt with accurately in legislative language.

I want to thank both of you for telling me how you would view the actual implementation of a "sound" project under these circumstances without running the risk that "sound" might be substituted for "standard."

Mr. FISHER-SMITH. I have a remark, if I may.

In cases where the stakes are very high, it may be necessary for the Federal Government to request that the State or area of government provide a comprehensive study. By comprehensive I mean a study which takes into account the various needs of the area rather than the needs for one specific purpose or use. Such study would dramatize what the alternatives might be so that public dialog and discussion could be brought into the open and possibly offset particular special-interest points of view which maybe have been expressed more fully at the time that the proposed disposition was announced.

Senator BAKER. Mr. Chairman, may I make this additional remark in this connection. I have what is not typically an unsenatorial attitude in this respect. In other words, I have some predetermined idea as to what the answer to the question I just put might be, and I felt that the essence of the problem is consideration of new, fresh, resourceful thought in this general field of planning and dedication of land use and facilities. And I think that wholly aside from the economic and profes-

sional considerations, the assurance that there will be a vigorous group of planning, design, and construction architects and engineers and planners outside of the scope of governmental activity on a private basis and the assurance that we do not staff up the administrative agency with their own in-house facilities to do this planning and this design and this construction is probably the best assurance that we can have that we do not end up with a "standard" instead of a "sound" approach to these problems.

So, you see, I have found a way to pay due tribute to the professionals as well.

Senator MUSKIE. Mr. Reutter, I note the criticism of the water and sewer grant-in-aid program on page 3 of your statement. The first full paragraph on that page refers to the fact that rules and procedures for handling applications are still being finalized and standardized more than 2 years after the programs have been implemented, and that appropriated funds cannot possibly meet existing requests, while local offices of some agencies continue to promote their respective programs and to solicit applications. I think that second criticism reflects the dilemma faced by these agencies. If you do not have pipelines filled with applications, then you reduce the pressure on the part of the Congress to provide the appropriations. Secondly, if the community does not get their applications in the pipeline, then it is not in a position to compete for whatever funds there are. It is a very unsatisfactory situation, not only for the Federal agencies, but also for the local communities. And I suppose that there is enough blame to pass around to everyone, including Congress, or it is one of those almost unavoidable situations that you have got to live with as best you can. I think that a great deal of your criticism is attributable to this appropriations logrolling.

But, I am also interested in getting whatever specifics you have on this matter of rules and procedures.

Mr. REUTTER. This is true. Various agencies have different rules and different procedures. My own firm has two projects which have been some 4 years in the mill. One of these is probably going to be another 3 or 4 years, but the other is coming to a head and will be settled out within the next 30 days. One of the reasons for all the delay is that rules and procedures were changed continually by the agencies involved.

As an example of changes, the Farmers Home Administration has an engineering contract form which was pretty much defined, and yet some of the FHA regional offices are now inserting changes that were not in the previous document and were never agreed to by the societies which discussed it with the Farmers Home Administration administrative heads here in Washington.

Senator MUSKIE. Are you making reference to the Aiken law here?

Mr. REUTTER. Yes; that is correct.

Senator MUSKIE. The difficulty then goes back again to Congress. We have got five different Departments concerned in the water-sewer field, and Agriculture is one of them.

Mr. REUTTER. That is correct.

Senator MUSKIE. And Interior is another.

I think it is quite clear that we have to move for consolidation of a lot of these programs, but what I was particularly concerned with was

whether you had something different than that in mind in criticizing the failure to standardize the rules of procedure?

Mr. REUTTER. Well, the different agencies all have different procedures and different regulations.

Senator MUSKIE. That was your point?

Mr. REUTTER. Yes; and sometimes the rules and regulations of procedure change from the beginning of a project to the end because it takes some 2, 3, 4 years for a project to come to a culmination.

Senator MUSKIE. Because of legislation that has been here in Congress, we have been bringing out new rules and regulations over the last few years. I suppose that has had some impact.

Mr. REUTTER. Perhaps, but we believe there would be terrific improvement if related programs could be consolidated in one department responsible for handling funds for grants-in-aid for water-sewer projects.

Senator MUSKIE. All we have to do is convince the Congress.

Senator BAKER. Mr. Chairman, if I may add something to that dialog, I have generally agreed with the witness' observations and your implication that there is a great deal to be gained by the consolidation of agency functions for a specific field.

However, I wonder if there is not something also to be said once again in this business about balancing for the techniques and the difference in requirements for different circumstances that are entailed.

For instance, in a very high-density system, and in a very rural system, I wonder if we might not lose sight of the subtle requirements of each if there is not an effort to totally consolidate with consideration implementation of these programs among agencies.

Mr. REUTTER. This is true, but the State department of health in each State, which in most cases is the agency handling the pollution problem, could—and do—control this. It is true that there are different procedures and different requirements for rural and for urban, but the department of health could control the situation as to what the requirements would be in a rural and what they would be in an urban situation.

Senator BAKER. I think we are really concerned more with establishment of priorities for participation of available resources, rural versus urban, than we are with, for instance, the form of contract for the engineer or the quality of the pipe or the wall thickness in the construction.

Mr. REUTTER. This is true. But, is it not a fact that the State department of health, on the scene, has the complete records of various communities and would be in a better position to determine what respective priorities would be?

Senator BAKER. I am not sure, and that is why I inquire. But, as I say, there are mixed equities in these considerations. I reiterate that I feel, as I believe the chairman feels, that there are economic advantages to consolidation, but I would hate to see that consolidation result in substantial elimination for the opportunity of either urban or rural or midpopulation areas to receive their particular attention and their requirements to meet their particular special circumstances.

Senator MUSKIE. Well, gentlemen, thank you very much for your testimony. Your professions are very much a part of our concern, and I hope that we have a little marriage between the private sector and the public sector.

Mr. REUTTER Thank you, sir.

Senator MUSKIE. Our next witness this morning is Mr. Matt Triggs, legislative director of the American Farm Bureau Federation.

TESTIMONY OF MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. TRIGGS. Good morning, Mr. Chairman, and Senator Baker. It is a pleasure to appear before the subcommittee once again.

The American Farm Bureau Federation welcomes the opportunity to present our views to the bill.

This bill contains many provisions of no direct significance to farmers or with respect to which we have no policy position.

We will limit our testimony to the question of relocation payments in title VIII and to the uniform land acquisition policy in title IX.

At the last annual meeting of the American Farm Bureau Federation, the official voting delegates of the member State farm bureaus approved the following policy position:

> Federal land acquisition statutes should be revised to provide more equitable severance damage compensation and adequate resettlement costs.
>
> The appraised value * * * should be made available to the property owner during the initial phase of negotiation for purchase.
>
> Individual private parties * * * often find that their efforts to seek relief in the Federal Courts seriously delay equitable settlement and are often exceedingly expensive. We support establishment of a civilian Review Board, independent of government agencies, to which property owners could appeal condemnation decisions before proceeding in the Courts.

TITLE VIII, RELOCATION PAYMENTS

We support the provisions of section 801–806 inclusive, relating to relocation allowances to landowners whose land is acquired for a Federal purpose.

We believe the amounts proposed are reasonable, and certainly not excessive and provide no more than equitable treatment to those required to move as a result of Federal land acquisition.

LEGISLATION TO SO PROVIDE IS LONG OVERDUE

We suggest for the consideration of the committee that the following concept be added to the purpose of the act at line 6, section 801 (p. 33) and at line 22, section 805(a)(1), (p. 41):

> * * * and to so far as practical leave such persons not worse off economically than they were before being displaced..

We understand that section 802(a) would be applicable to farmers as to other landowners.

We raise the question as to whether or not farmers would be eligible for a relocation allowance under section 802(b). For example, a farmer may own a fruit or vegetable packing shed, or a cotton gin, or a grain dryer, or a livestock feeding yard, or storage or processing facilities which may be taken as a result of a Federal program. We understand that if he offers "services to the public" that under the definition of a business in section 114 that he would be eligible under section 802(b). But in many cases the farmer's costs associated with the taking

of his property would not be substantially different whether he provides a service to the public or handles only his own produce. It would appear the treatment provided should be comparable.

We understand that a farmer who discontinues a farm operation as the result of the taking is eligible for a relocation allowance under section 802(d) if the remainder property is no longer an economic unit; and that if his dwelling is taken he is also eligible for a relocation allowance under section 802(c). If this is not clear we would suggest that the matter be clarified by the legislative history.

We should note in this connection that a farmer who is forced to discontinue a farm operation is frequently faced with substantial but difficult to determine costs. He may have to sell his machinery and equipment at a loss because they are not adaptable to the farm he has acquired, or because he has not been able to locate another farm suitable for his purposes and his finances. His new farm may be located at a considerable distance from the farm from which he is dispossessed, thus necessitating the development of new marketing outlets. He may have to sell his stocks or grain, or breeding or feeding livestock at "forced sale." His operations for a year may be disrupted because he is unable to acquire a farm prior to planting time.

In some cases he may lose a crop or not plant one on the farm from which he is being dispossessed, because negotiations are underway and the time of settlement uncertain. Since average prices of farmland have been increasing 6 to 8 percent in each of recent years, if the farmer is unable to locate a replacement farm promptly, the amount received for compensation may be inadequate to purchase a comparable farm.

These costs are separate and distinct from those involved in moving from one dwelling to another.

We understand that an elderly or handicapped farmer who decided not to continue farming when his farm is taken would be eligible for the allowance provided by section 802(e).

ON UNIFORM LAND ACQUISITION POLICY

We strongly endorse the provisions of title IX relating to land acquisition procedures.

Few activities of Federal agencies have created more ill-feeling among farmers than the land acquisition practices of some agencies.

The factual situation reported by the House Committee on Public Works "Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in Federal and Federally Assisted Programs," Committee Print No. 31, 88th Congress, reflects an amazing and, in our view, intolerable situation.

The committee report indicates that in 34,422 purchases by Defense Department agencies, the agency's initial offering was less than the agency-approved appraisal in 24,877 cases, and property was actually purchased for less than the approved appraisal value in 7,897 cases.

The report further indicates that, in 10,296 purchases by Interior Department agencies, less than the appraised value was offered in 864 cases and less than the appraised value was paid in 653 cases.

It appears to us that title IX has been drafted very carefully, and if enacted will accomplish the desired purposes as set forth in section 901(a).

We recommend that there be included in the guiding policies in section 901(a) the following:

The head of a Federal agency should so far as practical endeavor to so administer this Title that persons whose land is acquired shall not be worse off economically than they were before the land is acquired.

We also recommend for the consideration of the committee that at the end of line 2, page 50, the words "and shall be provided a copy of the appraiser's report" be added.

In view of the tremendous disparity of bargaining power between the Federal Government and a small landowner, it does not appear to us that the Federal Government should deal with its citizens "at arms length" but should make such information available to citizens as may assist them to reach a sound conclusion concerning the alternatives available to them.

It would appear that this would help, that is, providing the owner a copy of the report, to accomplish the objectives of title IX to further "amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal agencies, and to promote public confidence in Federal land acquisition practices . . ."

As indicated in our above quoted policy statement, we favor the establishment of an independent review board to give consideration to the amount of compensation to be awarded a landowner.

No matter how carefully a statute or regulations to implement a statute are drawn, it is not possible to eliminate a substantial measure of personal judgment in application of such statute or regulations. It would appear that such determinations may be made most objectively by an independent body not identified with the specific project. We believe that the creation of an independent review board would result in a substantial contribution to accomplishing the objectives of the Title that is to encourage the acquisition of real property by amical agreement with owners, (2) to assure consistent treatment, and (3) to promote public confidence in Federal land acquisition practices.

We appreciate the fact that the committee is giving such careful consideration to this important issue and thank the committee for the opportunity to present our views.

Senator MUSKIE. Thank you very much, Mr. Triggs, for your thoughtful and helpful statement. It contains no suggestions for the compensation of the displaced farmer in section 802(d). At least I do not recall that you did.

Mr. TRIGGS. We did in the fourth paragraph on page 2, 802(d). We understand that a farmer who discontinues a farm operation as a result of the taking, is eligible for a relocation payment under section 802(d).

Senator MUSKIE. And you think that section 802(d) is adequate?

Mr. TRIGGS. Well, let me say it would be a vast improvement. There would still be cases where, for reasons peculiar to the economic situation of a particular farmer, that he still would be worse off as a result of the payment than before the land was taken, and, therefore, we would hope that the concept that the landowner should not be worse off than before the taking would be incorporated in the language of the bill; recognizing that it will not correct every situation either, but that it will give a statutory guidance to the President in developing the regulations under section 802(a) and to otherwise guide agencies in the administration of the act.

Senator MUSKIE. You understand that the technique of the bill is represented by section 802(a) and section 802(d)?

Mr. TRIGGS. Yes.

Senator MUSKIE. He can get the full relocation cost to the extent that his claim is fair and reasonable, but in lieu of proving the actual cost he can accept $1,000 under section 802(d). You understand that? For that reason, did you suggest the language that you proposed; is that right?

Mr. TRIGGS. Well, yes. We think that this concept to leave persons not worse off economically ought to be part of the statutory direction to the President, actually, the Bureau of the Budget, of course, in drafting the regulations under section 802(a).

Senator MUSKIE. I think that neither Senator Baker nor I would quarrel with that concept. I think the way we phrase it is that anyone who is displaced by Government programs ought to be made whole.

Mr. TRIGGS. The same principle.

Senator MUSKIE. But, it is one thing to agree with a concept and another thing to implement it sometimes, and I do appreciate your suggestions this morning.

Senator Baker?

Senator BAKER. I have no questions, Mr. Chairman, and I think that it is a good statement, and well presented.

Mr. TRIGGS. Thank you, Senator.

Senator MUSKIE. Our next witness this morning is Joseph L. Miller, legislative representative of the National Park Association.

Mr. Miller.

TESTIMONY OF JOSEPH L. MILLER, LEGISLATIVE REPRESENTATIVE, NATIONAL PARKING ASSOCIATION

Mr. MILLER. Mr. Chairman, you are seeing me with a different coat on than usual this morning. My textile one is back in my office.

Mr. Chairman, my name is Joseph L. Miller; I am legislative representative of the National Parking Association. My address is 815 17th Street, Washington, D.C. (20006). The private operators of offstreet parking facilities are extremely interested in title V of the bill before you since they feel that they have been victimized by a back door raid on the Federal Treasury that is costing the Government millions every year. Here is how it works:

When the Congress approved the Housing and Urban Renewal Act of 1948, it was decided that the Federal Government should put up two-thirds of the cost of downtown urban renewal projects, while the municipalities involved should put up one-third. The act then permitted the municipalities to offset certain redevelopment costs against their one-third—costs of sewers, streets, and the like. But the act specifically forbade offsets for self-amortizing projects, public utilities, and municipal housing.

Sometime before 1962, however, the Urban Renewal Administration (now part of HUD) began to allow municipal offsets for self-amortizing public parking facilities. In that year, 1962, the Comptroller General called the attention of Congress to this practice and suggested remedial legislation. Nothing has been done about it, and the practice has grown apace.

Some municipalities have avoided any contribution to downtown renewal projects by selling bonds to build a public parking facility at a cost equal to the entire municipal share. In other words, the Federal Government bears the entire cost of these downtown renewal projects, certainly contrary to the intent of the law. We have never been able to find out from HUD either how many of these so-called municipal grants-in-aid for parking facilities have been allowed or how much they amount to in money. We have gotten our information from local newspaper clippings.

As we read title V, of the bill before you, this would have to be brought into the open by continuing studies and reports, both by this committee and by the Comptroller General. We certainly are all for that.

Also, we hope this is not to be construed as opposition to public parking, only as opposition to Federal subsidies for public parking. Public parking, we believe, is an issue that should be resolved by the various municipalities, and not promoted by HUD's generosity.

With your permission, I would like to incorporate in this statement, by reference only, a longer statement on this subject by Louis E. Meyers, of Meyers Bros. Parking Systems, New York City. He is also vice president of our association. The statement can be found at page 847 of the Senate Banking Committee's hearings on current Housing and Urban Development legislation.

And I would also like to say, Senator Muskie, that last year when you unfortunately could not be there, Mr. Abraham Leibowitz, one of your Portland, Maine, operators of private parking facilities, gave a very similar statement to Mr. Meyers last fall before the Banking and Currency Committee. Nothing has come of either.

If you have any questions I will be glad to attempt to answer them.

Senator MUSKIE. Yes, I understand your concern about this problem, but I do not think it has any relevance in this legislation. I think the Banking and Currency Committee is the appropriate committee.

Mr. MILLER. Senator, only, as I say, Senator, only in title V it seems to require a continuing study and report on all of these grants-in-aid to this committee and to the Congress as a whole.

Now, we have never been able to find out how many of these there are, where they are, or how much they amount to, which had it been available would have been a valuable addition to the case we would like to make.

Senator MUSKIE. Well, if title V of this bill is enacted in its present form, it would require the continuing review, but that review would not be done by this subcommittee. It would be done by the Comptroller General and by the appropriate legislative committee. So, the Banking and Currency Committee again would be trusted with that responsibility, and also the Comptroller General.

Mr. MILLER. Wherever it comes from or to, we would just like the facts and figures.

Thank you.

Senator MUSKIE. We greatly appreciate your making the point, and it is most appropriate that it be in the record of this hearing.

Mr. MILLER. Thank you, sir.

Senator MUSKIE. I note that Mr. Benton Stalling, of the District of Columbia Chapter of the Federal Bar Association, and chairman of the

Council on Community Affairs, is here and has offered to provide the committee at a later date with any assistance which it may desire affecting titles VII, VIII, and IX. We appreciate your offer and hope we may take advantage of it.

Our next witness, and I gather our last witness of the morning, is Mr. Harry L. Graham, legislative representative of the National Grange.

Is Mr. Graham here?

If Mr. Graham is not here, that completes our witnesses for the morning. We have tried to get our afternoon witnesses, but we have not been able to contact them. We hoped that they might be here this morning, but since we have not had success in that respect, the committee will stand in recess until 2:30 this afternoon.

(Whereupon, at 11:15 a.m., the subcommittee was recessed, to reconvene at 2:30 p.m., this same day.)

AFTERNOON SESSION

Senator BAKER. The committee will come to order.

Let me first apologize to the witnesses for being late in arrival. I hope it hasn't unduly inconvenienced you.

We welcome you to the committee, Mr. Libby, Mr. Goralnick, and Mr. Akerson.

Would you like to proceed?

TESTIMONY OF THEODORE LIBBY, REPUBLIC PIPE & SUPPLY CO., AND JAMES GORALNICK, PREMIER PACKING CO., REPRESENTING THE CHAMBER OF COMMERCE, ROXBURY, MASS.; AND CHARLES AKERSON, NORDBLOM CO., BOSTON, MASS.

Mr. LIBBY. The order in which you just read them will be fine, sir.

Senator BAKER. You may proceed.

Mr. LIBBY. I am here representing the Roxbury, Mass., Chamber of Commerce, with Mr. Goralnick. Mr. Goralnick is president of the Premier Packing Co. in Roxbury.

We do not object to progress—we do object to the losses caused by that progress for which there is none, or inadequate compensation. These losses take several forms.

First—when we, who are in business, are notified of a proposed taking, we take valuable time from our business and spend much money on the search for new quarters. We also incur additional expenses caused by the delay between conception and execution. For example, our firm held a plot of land for 2 years at a cost of $22,000 a year while waiting for a final taking. For this we cannot ask reimbursement. M. Brown and Co., another Roxbury firm, held two buildings similarly for over a year. They, too, get no redress for this double expense.

Secondly, we, who are in the path of a highway, are allowed a maximum of $3,000 by the department of public works for moving expenses. Yet, the Boston Redevelopment Authority who did allow a maximum of $25,000, now gives full reparation, while at the NASA site in Cambridge, Mass., full, and unlimited repayment of all relocation expenses have been allowed from the beginning of the project.

A perfect example of this inequity is Tremont Street in Roxbury, Mass. This street divides land being taken for highway from land being taken by the Boston Redevelopment Authority. West side of street evictees are allowed $3,000 for moving, those on the east side, $25,000. Yet, $25,000 is often not enough. Bills for our firm total $49,000 for moving material alone, not reerecting shelves, racks, et cetera. This is certainly as much a part of the cost of a highway, as is the cost of steel and concrete. If a highway is financed 90 percent by Federal funds, and 10 percent by State funds, then moving costs should be met in the same manner—90 percent by the Federal Government, and 10 percent by the State. This should be a specific part of the highway grant. There is no limit put on the value of a building—how can there be a limit put on the value of a move?

Thirdly—relocation assistance should include the replacement cost of a plant, rather than market value. Market value at best is an arbitrary figure—since buildings are not up for sale. The only fair method is replacement costs, and this amount can be readily determined, either by the actual expenditure made for a new building, or by the known square foot constructions costs in the area.

We who have been doing business from a specific location for many years, in our case 43, should be entitled to a like amount of space in a reasonably similar location where we can continue our business; in a retail section if we are retailers, in a wholesale section if we are wholesalers, or in a good labor section, if we are manufacturers—all without additional cost to ourselves. These expenses of acquiring like facilities are part of the highway cost. As a matter of fact, no new location can be equal to an old established one, and this is a loss for which there can be no reimbursement.

As further assistance, those businesses displaced should be given first consideration to acquire Redevelopment Authority land, or other available land near their displaced businesses. For example, we, in Boston, victims of the Inner-Belt Highway and Interstate 95 acquisitions, should have been given first consideration for Boston Redevelopment Authority land. There is much talk about encouraging business to move into areas of high unemployment, we are leaving one. We would have preferred to stay in the Roxbury, South End area, but were given no consideration for available land. Certainly our situation is one repeated hundreds of times throughout the urban areas of our country—just as many jobs are being removed from much needed areas in Los Angeles and Boston, as in Miami and Seattle, all for lack of coordination and cooperation.

We are being as cooperative as possible. We appreciate the need for highway and redevelopment projects, but we should not be asked to bear more than our proportionate share of the burden. Each taxpayer pays a part; but we, who are not totally reimbursed for expenses and losses, are being ask to pay a disproportionate share of the project, beyond what our tax portion would be. Thank you for your courtesy. Mr. Goralnick and I, as representatives of the Roxbury, Mass. Chamber of Commerce, are deeply appreciative of your concern, not only for ourselves, but for all those affected by highway and redevelopment programs.

Senator BAKER. Thank you very much. I wonder if it might be in order for the witnesses to continue with their statements before I start with a few questions that may occur to me?

Mr. LIBBY. Yes. Mr. Goralnick.

Mr. GORALNICK. I realize that you don't have much time so I won't try to prolong this.

I am treasurer of the Roxbury Chamber of Commerce, and we have approximately 460 members consisting of industrial and business firms located in an underdeveloped area where unemployment is a great factor.

Most of our firms employ a large percentage of these underprivileged people who are mainly colored. If these firms are not given sufficient consideration and help to remain in this area, the unemployment situation will worsen. It is extremely important that business and industry remain in this area and even be helped to expand in order to create more jobs in an area that needs it very badly. By giving us the opportunity to remain and to expand in this area, it is conceivable that it may attract other business firms to move here also, thereby helping to eliminate to a great extent the unemployment situation.

Certain consideration should be given to all these businesses that are asked to relocate. That would be assistance in relocation, given sufficient time to move. We should be paid 100 percent for moving expenses and not be penalized because we are willing to relocate.

Consideration should be given for the time that we spend in looking for new areas and assistance in obtaining financing.

Property should be valued at replacement cost. Consideration should be given to owners of property who lose tenants when news of taking is first made known, and many times several years can pass before an actual taking takes place.

It is certainly not the intent of the Government to create any hardships for any of us citizens, but rather to treat everyone fairly, and if some of these factors are included, I believe everyone would be treated fairly.

Thank you very much, Senator.

Senator BAKER. Thank you very much, Mr. Goralnick.

Mr. Akerson.

Mr. AKERSON. Senator Baker, I am here as an individual, as an independent real estate counselor and appraiser at the request of Senator Brooke.

I have prepared a statement which I would like to file with your committee. To save time I will summarize my position and volunteer to offer my services to your staff.

Mr. AKERSON. Briefly, I am in favor of the Muskie bill as it is written. I have suggested three minor revisions which in my opinion would improve the bill. I think that there are glaring inequities in the State of Massachusetts.

I have just come back from a meeting in Chicago with other real estate people, and find that the same inequities exist across the country.

I think the Muskie bill, as it is written, does a very good job of being nearly perfect.

The biggest problem that we are all aware of in Massachusetts, and just waiting on the edges of our chairs for an answer is the difference in relocation payments. I helped to administer, as a consultant to the Cambridge Redevelopment Authority, the relocation payments program and the advice to businesses in relocating. We have funds to work with. We have paid claims as high as a half million dollars, and yet

at the same time I am retained by the Department of Public Works on appraisal contracts, and the displaced businesses that I appraise are allowed only a maximum of $3,000. These two gentlemen represent this group. This is one of the reasons why I must testify separately, because I have been retained by public agencies. But I offer my services to your committee, and appreciate the opportunity to testify.

Senator BAKER. Mr. Akerson, thank you very much.

I would like to address these questions to the three of you and ask either or all of you to reply.

There are one or two that I would like to especially clarify for my purposes and for the record. They occurred in the course of Mr. Libby's testimony and were taken up by each of you in sequence.

To begin with, you feel, and I really believe most people may share your feeling, that fair cash market value directly does not approximate actual compensation or does not permit someone from being less than whole after the forceful taking.

I wonder, however, if the replacement cost test as used by you, Mr. Libby, has worked and whether or not it might not entail some elements of enrichment, and whether or not it might not be better described as the cost of a comparable facility in a comparable location, rather than replacement cost, which implies the building of a new structure.

Mr. LIBBY. Yes, Senator, I too had my reservations, and in the course of my remarks I think I clarified it when I said we should be entitled to a like amount of space in a reasonably similar location.

Senator BAKER. Does this meet the requirements of replacement cost as you mean it to imply?

Mr. LIBBY. Well, sir, it has been my experience that the offering of a fair market value for the property which we occupy now does not enable us to acquire reasonably similar facilities in which to conduct our business.

You see, perhaps we get complacent, having been in one space for 43 years, and we get accustomed to the inefficiencies, et cetera, of it and we have learned to live with these buildings. But when we move, and we are given compensation on the basis of market value of that facility, we are not adequately enabled to acquire like facilities, Senator.

Senator BAKER. Are you willing, then, for the interpretation of replacement cost to imply replacement with a similar facility of similar age and of similar quality?

Mr. LIBBY. Yes, sir. We are not entitled to 1 cent more than that, sir. We don't want anything to which we are not entitled.

Senator BAKER. Together, of course, with reimbursement for the actual cost of moving, I take it, without regard to the amount of that cost?

Mr. LIBBY. I think that that must be limitless, sir.

Mr. AKERSON. May I ask a question, Senator Baker?

Senator BAKER. By all means, Mr. Akerson.

Mr. AKERSON. My interpretation of the Muskie bill as it is written now is that if passed, relocation payments that would be contested by a claimant could be taken into a Federal District Court, and that heretofore in any grant type of relocation payment, this opportunity has been denied the claimant.

Senator BAKER. Essentially, as I understand it, the thrust of the bill before the committee would be to make relocation cost a part of compensable damage as any other element.

Mr. AKERSON. Right. This is an extremely far-reaching part of the bill, but I find that many people are not aware of it. I have been in the position of being the final judge and authority on some of these relocation payments, and it is not as pleasant a position as some people might think. I would welcome the avenue of going into district court.

Senator BAKER. One further question, if I may.

On page 2 of your statement, Mr. Libby, you make the proposal that the unlimited costs of moving "should be financed 90 percent by Federal funds and 10 percent by State funds."

This is as in interstate highway cases.

The proposal in the bill before the committee provides for the Federal Government to bear the first $25,000 of these costs.

Do you take issue with that? Do you feel that the 90–10 formula is more appropriate for the entire cost?

Mr. LIBBY. Yes, sir. I say that that is just as much a cost of the highway as is concrete and steel. And I take issue with my friends in the Massachusetts government administration who sit back complacently and wait for Washington to pick up the whole tab. Sir, I think you are being overly generous and unnecessarily so. I think if you have got a 50–50 highway bill or a two-thirds–one-third highway bill I say, sir, it should go from the first dollar in that proportion.

Senator BAKER. Yes, sir.

Mr. AKERSON. I will have to give another point of view, because I am familiar with what the public agencies in Massachusetts are anticipating. I am familiar with what the legislators in Massachusetts are anticipating. My forecast would be that if legislation comes about that would require a contribution or a sharing of the first $25,000, that this entire program will be delayed, slowed down. We will need new legislation. We have open-end legislation at the moment, which is simply waiting for Federal legislation.

I am sure the legislators and the State of Massachusetts are ready to share beyond $25,000, but the general feeling is that the Federal Government has poured the cement in the $25,000 grant for the first $25,000, in what they have done with hundreds and hundreds of businesses, thousands I should say in the urban renewal program in Boston and in Cambridge, in Malden and in many other communities.

I think this would be a step backward. I think it would be reneging on the part of the Federal Government. I think it is impractical and unrealistic.

Senator BAKER. I thank you very much, Mr. Akerson, Mr. Goralnick and Mr. Libby.

May I say this in the interest of time? I would like to invite you to elaborate any of these thoughts with the staff with permission that any additional comments in this respect may be included in the record.

Thank you very much.

Mr. LIBBY. Thank you, sir.

(Mr. Akerson's complete statement follows:)

STATEMENT BY CHARLES B. AKERSON

At the request of Senator Edward W. Brooke, I offer the following testimony regarding the proposed Muskie bill S. 698.

I submit my opinions and comments as an individual and professional real estate counselor experienced in matters involving the relocation of business con-

cerns displaced by federally aided programs. Although I have been retained by both public agencies and private business for advice and assistance, I testify as an individual and not on behalf of past or present employers. The scope of my testimony will be limited to those portions of the Bill dealing with uniform relocation assistance to business concerns. An outline of my professional qualifications and experience is attached to this statement.

For the convenience of the subcommittee, my testimony will be presented in summary form. If the subcommittee desires further details, I am prepared to amplify my testimony with examples and explanations based on actual experience.

SUMMARY

In my opinion, the Muskie bill should be enacted as soon as possible in its present form or with minor revisions. I believe the Subcommittee should consider the following points:

Unreasonable limitations.—Without the Muskie bill, federally aided highway projects in Massachusetts and other sections of the country will continue with an unreasonable and artificial limit on relocation payments. A Massachusetts business displaced by a federally aided highway project now receives a maximum payment of $3,000 for moving, even if the actual moving costs are $100,000. The present $3,000 ceiling is not only unfair but illogical. Under the present system, the displaced businesses pay their share of taxes to support the highway programs and in addition they are forced to absorb a heavy share of the actual costs involved.

Unfair treatment of business concerns.—Without the Muskie bill hundreds of business concerns in the Greater Boston area, alone, will be displaced by new federally aided highway construction without full compensation for moving costs, while simultaneously, neighboring business concerns will be displaced by federally aided urban renewal with full reimbursement of moving costs.

Unfair treatment of public servants.—Without the Muskie bill, the Massachusetts Department of Public Works will be obliged to continue the unfair and distasteful practice of displacing businesses without full reimbursement of moving costs, while at the same time, local urban renewal agencies will be offering full reimbursement for moving costs to displaced business concerns.

Unfair treatment of employees and the community at large.—Without the Muskie bill, many workers will be forced to seek new employment because of business failures resulting from displacement of businesses without adequate compensation. Also, the community at large would suffer a general economic loss for every business failure that could otherwise have been prevented by fair, reasonable, and uniform relocation payments.

Lack of avenue of appeal in current programs.—Under current regulations covering relocation payments in either highway or urban renewal projects, a displaced business concern cannot contest the adequacy or the fairness of a business relocation payment in any court of law. As I interpret it, the Muskie bill would correct this inequity and allow an aggrieved claimant to take his case to a United States district court.

Lack of flexibility in present programs.—Current regulations encourage displaced businesses to move obsolete equipment at extravagant cost to the Government in order to qualify for reimbursement of moving costs, whereas the Muskie bill will allow a displaced business to install new equipment at the new location and claim the reasonable expenses that would have been required to move the old equipment. Under present regulations, there is no provision for advance payment for certain relocation costs, whereas the Muskie bill would allow the President to authorize advance payments in case of hardship.

Recommended revisions.—In my opinion, the Muskie bill should be subjected to three minor revisions.

Section 805(a)(2)(A) provides that a farm operator may be reimbursed for reasonable expenses in searching for a replacement farm. I suggest that the displaced business concern be given the same benefits extended to the farm operator. This is not a major item, but the distinction between the farm operator and the business concern does not seem consistent with the intent of the bill.

Section 805(a)(2)(B) provides that a business may install new equipment at the new location and claim an amount equal to the reasonable expense that would have been required to move the old equipment. The cost of moving old equipment often actually exceeds the cost of a new installation and I suggest that in these cases reimbursement should not exceed the actual cost of the new installation.

Title VIII, I do not find any specific language which would require a Federal or State agency to publish complete information regarding the availability of relocation assistance. It has been my experience that many business concerns are deprived of available benefits because of an inadequate public information program and I suggest that the bill be augmented to correct this weakness.

Senator BAKER. Miss Bingham, we welcome you to the committee. I apologize to you as I did to the other gentlemen for being late.

STATEMENT OF MISS JO BINGHAM, ASSISTANT TO THE VICE PRESIDENT OF THE GOVERNMENT RELATIONS DIVISION OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

Miss BINGHAM. Thank you very much.

My name is Jo Bingham. I am Assistant to the vice president of the Government Relations Division of the National Association of Manufacturers and I am appearing here to represent the association.

We appreciate this opportunity to testify before this Subcommittee on Intergovernmental Relations and present our views regarding S. 698 and related proposals, which we support with the reservations and modifications suggested in this statement.

The National Association of Manufacturers is a voluntary organization of industrial and business firms, large and small, with members located in every State and representing the major part of manufacturing output in the country.

Among the fundamental issues which concern NAM are central government policies and procedures which affect the character, workings, and future of the federal system as a union of States.

We believe that Congress needs to reexamine the intergovernmental relationships it has created. We consider it indispensable to the effective functioning of the federal system that the role of the States should be strengthened; that national policy should encourage State-local initiative and responsibility; and that State and local governments, and their individual and corporate citizens, should make conscious efforts to assure a more positive role for the States, with less dependence on National Government programing and financing. We believe that S. 698 can contribute to that broad goal of making the federal system more effective and strengthening the State's role in it.

Business-supported interest in improving the strength, quality, and effectiveness of State and local government has widened in recent years and the subject itself has been given more pointed attention. It is with some pride that NAM points out it was the first business organization to undertake a major study and program on the federal system and the intergovernmental relationships involved in that system. Since that effort was published in 1950 under the title, "Bring Government Back Home," the association has been alert to changing events and emphases in intergovernmental relations, and, whenever opportunity permitted, contributed to discussions on the subject and to the resolution of problems involved.

NAM testified before the House Government Operations Committee's Subcommittee on Intergovernmental Relations in 1957, during the period that Congress was taking its first steps to appraise and implement the report of the Commission on Intergovernmental Relations. In more recent years we have made statements on S. 2114 of the 88th Con-

gress, which was limited to the grant-review proposal, and, in both Houses of Congress, on S. 561 of the 89th Congress and related bills which also included other proposals.

SPECIFIC COMMENTS ON GRANT PROVISIONS OF S. 698

For convenience and clarity of discussion, we prefer to comment on two separate packages of similar content provisions in S. 698. The first covers titles II through VI with the pertinent definitions from title I, and involves grants-in-aid management mechanics. The second covers titles VII through IX with the pertinent parts of title I, and involves land-use and relocation practices and policies.

The fact that these sections can be logically separated for discussion purposes suggests that they might also be separated into two bills if action on the somewhat cumbersome whole is going to be delayed. It is over 10 years since the first legislative proposal for review of grants was offered. Three years ago in testifying on S. 561 we referred to some 100 grants then in existence. In introducing the present bill, Senator Muskie reported there were over 220 grant-in-aid programs, involving nearly 400 separate appropriation accounts.

The need to reappraise the grant-in-aid mechanism and to coordinate or consolidate or simplify, becomes greater as time moves on and more and larger grants, along with more and more stipulations about their use, are added to this battery of Federal fiscal artillery.

Nearly all executive branch departments and agencies administer grant programs. They go to the 50 States, to many thousands of their political subdivisions and now, through Office of Economic Opportunity programs, to more than a thousand community action agencies which are predominantly private organizations.

Senator Muskie has referred to 62 specific aid programs for community facilities of one sort or another, 57 for work training, 50 for general education, 35 for housing, 32 for land-use, 28 for recreational and cultural facilities, and 27 for utilities and services. Since more than one Federal agency may be involved in a variety of programs of similar nature, any organization chart designed to show the whole framework of the relationships involved would look like a massive spiderweb—but without any orderly pattern. Charting the organizational and intergovernmental relationships of OEO programs alone is a dizzying process.

No single step, or combination of steps, which is able to bring some clarification and reevaluation to this patchwork of grants, should be delayed if it is possible to enact it promptly. For this reason we would welcome passage—each, of course, with appropriate definitions—in the following order of preference of (*a*) titles V and VI, or (*b*) either title V or VI alone, or (*c*) titles II through VI.

In our opinion the two vital provisions of the whole bill are those for review and consolidation of grants and we favor separation of any other provisions which could cause postponement of the enactment of these key titles.

TITLE I, DEFINITIONS

We are glad to see section 106 spell out the definition of the term "grant." There is, however, a serious omission in our opinion. This omission has been recognized in amendment No. 748 and in S. 2981. We

see no reason for excluding grants made to nonprofit agencies such as those given to community action agencies by OEO.

This kind of grant—direct to local nongovernmental bodies—is relatively new, but if the history of Government action is any guide, use of the technique will spread. As a matter of fact the budget for 1969 does indicate spread already in the Public Health Service grants. There is every reason for this kind of grant to be subject to the provisions of titles II, V, and VI.

Therefore we suggest appropriate revision of section 106 (*c*), either by adding "or State-approved" after "State-administered," or by somewhat different language. For example, it might read:

To an instrumentality incorporated or chartered in a State to carry out a plan or program which is subject to approval by a Federal agency.

There is, we believe, an inadvertent reference to title VI in section 109. Perhaps this was a carryover of language from an earlier bill. The correct reference is no doubt to present title VII, section 806(*c*).

TITLE II, IMPROVED ADMINISTRATION

Section 201 of title II falls short of its real potential for improving the administration grants-in-aid, because, as we understand it, the responsibility of the Central Government to inform Governors, upon request, is limited to grants being made to States. We believe the provision should apply to all grants-in-aid—as we would revise their definition—made within a State.

There is some room for confusion as to the actual intent of section 201 because section 106 defines grants to include political subdivisions, but section 102 defines State for the purposes of all titles except VIII and IX (reinforced by section 111) as excluding political subdivisions.

We urge this subcommittee to clarify the language so that section 201 will expressly include political subdivisions. And we hope that in doing this, the subcommttee will see fit also to make applicable to section 201 our suggested revision of the grant definition in section 106(*c*).

Why should title II exclude the governments of political subdivisions of the State? More and more grants are being made directly to local governments and community organizations, for all practical purposes completely bypassing the States. This would seem a definite reason for the Central Government to recognize the right of the States to know the facts regarding any Central Government support of their own political subdivisions, particularly when an increasingly large part of the $18 billion in grants is going to those subdivisions. Furthermore, because the newest structural unit eligible for aid is the nonprofit corporation for community action, it would seem necessary to make title II apply to this type of quasi-political unit also.

Our own preference for tightening grant administration would differ from the section 201 provisions, even corrected as just suggested. We believe that grants from the Central Government should be given only to States and these funds, along with any state-participation funds, allocated to beneficiaries within the States by the States themselves. We made this point in our testimony to this subcommittee on S. 561 in 1965, and we still believe it would be tackling the problem at its source. It may be possible, however, only in the longrun, after

consolidation of grants has been effected; and we would not want consideration of this aspect now to prevent prompt passage of the beneficial provisions of S. 698.

TITLE III, TECHNICAL AID TO STATES

First, we would like to commend the sponsors of S. 698 for including in section 302 reference to "furtherance of the Government's policy of relying on the private enterprise system." This is a rare legislative reference, and a good one to see being specified.

Advice, information and technical assistance to the States and localities are among the ways NAM believes the Central Government can properly aid State and local governments. We believe such activities constitute a means for the Central Government to promote the acceptance of fuller responsibilities by State and local governments for functions which can ultimately be handled without any outside aid. Furthermore, the availability of reimbursable "competence on call" should contribute to effective implementation of consolidated programs, and even to economy in government in the overall sense.

The purpose of this title is to permit reimbursable technical services. To avoid misunderstanding we would like to see this word expressly used in section 301, as it is in the initial summary of purposes of S. 698.

TITLE IV, URBAN DEVELOPMENT POLICY

We still have some concern with the language of section 401 on "Declaration of Urban Assistance Policy." In Senator Muskie's introductory comment about original S. 561, it was indicated that interagency coordination in the Central Government was the thrust of this title. That is, it was a uniform policy for application by Federal departments and agencies that was sought, not an imposition of policy obligations on State-local governments. We certainly support consistency and interagency coordination in Central Government management. And we do not wish to impede improvement in intergovernmental coordination or efficiency. But we are concerned that, in the absence of express language to the contrary, section 401(a) can be interpreted and applied as requiring three-level governmental adherence to "the concurrent achievement" of the eight enumerated "specific objectives of urban development," and also that section 401 (b) can require adjustment by each level of government to the viewpoints of every other level of government in planning urban development. The use of the passive tense in section 401(b) makes it quite unclear. If this section is not a requirement for Central Government only, it would seem almost impossible to implement.

There should be a clarification in this regard. Sections 401 (c) and (d) are both quite explicit in limiting their application to the Central Government. Sections 401 (a) and (b) can be equally explicit, and in our view should be.

We believe the strengthening of State responsibility in intergovernmental relationships is the paramount consideration for improving the operation of our Federal system, and we do not like to see legislative language which would be open to the charge that the Central Government was establishing the objectives of urban development, and by-

passing the States by laying down local government requirements for urban development.

Accordingly, we suggest the substitution of "Federal" for "intergovernmental" in the name of title IV and the insertion of the word "Federal" in the first mandatory clause of section 401(a). This would then read, " . . . The President shall establish rules and regulations for uniform Federal application." These charges would leave no doubt about the intention of title IV.

TITLE V, REVIEW OF GRANTS

We believe the congressional review of grants is necessary for a number of reasons:

The natural "oversight" obligations of the Congress as national policymakers;

The need to adjust programs to the facts as times change and needs alter;

Because the extensive variety of present grant patterns and formulas is difficult to justify;

To check the actual effect of equalization formulas or other specific mechanisms;

To evaluate the shifting emphasis to regional area recipients of grants—either among States or within States;

To appraise the shift from State recipients to community recipients, bypassing the States;

To weigh the significance of the shift from recipients who are local public bodies to private local-agency recipients;

Because the response of State and local officials to the questionnaire study conducted by the Senate Committee on Government Operations in 1963 [1] indicated that a large majority felt the functioning and procedures of grant programs needed "continued reevaluation."

Because the executive branch—the departments and agencies administering the grants—is not the appropriate source of review, and might not be able to undertake objective review.

Title V has had the benefit of being 10 years in the making, and it reflects a composition of various views, including suggestions NAM itself has made in past hearings. We commend its inclusion of review of existing grants, retention of the expiration feature for grants which may be enacted in the future, potential termination of grants as a purpose of review, and studies by the General Accounting Office and the Advisory Commission on Intergovernmental Relations.

We approve of title V, believe its implementation will be of great value, and urge its prompt passage—even if its separation from other provisions (except pertinent definitions) is necessary to do this.

But we would hope that our suggested revision of the definition of grants in section 106 would be accepted; otherwise the review process of this title would not apply to grants to non-profit private instrumentalities. And we think review necessary for these programs, as well as those carried out by public bodies.

If the grant *definition*, as such, is not revised to cover private agency recipients, then we think all language in this title which refers to re-

[1] The Federal System as Seen by State and Local Officials, p. 12.

cipients should be revised to cover this omission. The addition of such a phrase as "and other instrumentalities" would serve, and should be made in every section of this title except section 505.

There is one other point we would make on title V, regarding section 501(2). We feel that continuing this purpose of the title is essentially at conflict with the potential of title VI, and we would prefer to see it deleted. The use of the review technique to revise and redirect grant programs as new conditions arise will have less and less significance, as consolidation of grants by broad purposes goes forward. Under functional consolidation it is the states, not the central government, that would be revising or redirecting specific aspects of programs when conditions altered or needs had been met.

TITLE VI, CONSOLIDATION OF GRANTS

The proliferation of grant programs and the intergovernmental cross hatching of administrative arrangements and regulations have brought the grant system to a point where consolidations are the only immediately effective avenue to the efficient management of the many resources now applied to their purposes. Furthermore, consolidation could serve to reduce future central government resort to separate special-purpose grants. Blocking them by broad purpose could make for more responsible and responsive action at State-local levels to the particular needs government can best meet. This procedure would be a welcome precedent for greater reliance on the States as such. It is a logical step to congressional action which might ultimately shift most of the support of aided functions to the States themselves as they strengthen their legislatures, executive structure, and mechanics for coordinating State-local, regional, or interstate programs.

Because of our special concern with invigorating the power and prestige of the States in the Federal system, we would like to see an emphasis of this kind specified in title VI. In section 601(a), for example, we offer the following text as a new item to precede the already listed purposes of consolidation:

"To improve the operation of the Federal system by strengthening the role and responsibility of the states in that system." Language of this kind would spell out the key means for achieving the first purpose of S. 698 as stated in the initial summary of intent. As we see it, improvement in the operations of the Federal system must come from the more vigorous role of the States—in relation first with the central government, and second with bodies within their jurisdictions—rather than from any further expansion of direct Federal-local structural or financial relations.

For the same reason we would change the beginning part of section 601(b) to read as follows:

The Congress declares that the public interest and the effective operation of the Federal system demand the carrying out of the purposes of subsection (a) * * *.

We would also like to ask this subcommittee to consider the advisability of requiring that the consolidation plan place responsibility in a single State agency for seeing that the consolidated program is implemented. We mean that some single State agency as designated by the Governor or legislature should oversee, though not

necessarily administer, the consolidated program. We know there are many grant programs properly and completely administered by units of general local government, and it is not our intention to alter this. But if the State role in the Federal system is to be strengthened, there should be some one focal point for what ever State activities or responsibilities exist with respect to programs administered locally. In education and welfare such State agencies exist. There is a growing need in the country, however, for such State-level focal points in connection with grants for urban development and community facilities. In fact, a number of states have already met this need by creating state departments of urban affairs.

Title VI is a very forward-looking provision, and we urge its prompt passage—alone or with title V if further delay might be cause by holding together all the present titles of S. 698.

LAND-USE AND RELOCATION PROVISIONS

Titles VII, VIII, and IX are not essential or integral parts of an intergovernmental cooperation act. Title VII involves almost no more than matters of courtesy for the General Services Administration to follow with local government when it acquires, uses, or disposes of land in urban areas.

Part A of title IX is related, and provides rules for the guidance of Federal departments and agencies when acquiring land. Part B of title IX does involve intergovernmental relationships, but it simply requires the States to follow similar guidelines as a condition for receipt of funds from the central government which will be used by the States to acquire real property.

Title VIII also involves intergovernmental structure, but its purpose is to establish uniform relocation procedures and payments for all programs administered or aided by the Central Government which dislocate people or businesses through the acquisition of real property. Title VIII was originally a separate bill in itself, S. 1681 of the 89th Congress and passed by the Senate in July 1966. This title is primarily substantive in nature and concerned with coordinating intergovernmental relations mainly as the result of equating provisions in different programs. It could still very well be legislatively separated from the type of content in titles II–VI—taking titles VII and IX along with it. If the passage of earlier titles (especially V and VI) would be delayed by keeping S. 698 intact as one package, we think the last three titles should be separated.

TITLE VII, FEDERAL AGENCY LAND-USE POLICY

The intent of title VII is commendable; however, it may not necessarily be achieved by adding a title VIII to the Federal Property and Administrative Services Act of 1949. An Executive order might serve as well.

Only section 803 provisions for disposal of urban property by the Central Government, would seem to be reasonably binding on a Federal department or agency.

Section 804, provisions regarding acquisition or change in use of urban property, are qualified. First they would be applicable only to the extent the Administration determines practicable.

Second, the acquisition provisions would not be binding if the Administrator finds that advance notice would "have an adverse impact on the proposed purchase."

Third, this latter circumstance would completely void the mandate of section 804(b)(1) to consider all objections of local government to a proposed acquisition or change of use.

Thus, for reasons advantageous to Central Government purposes, GSA may not apply the provisions of section 804 rather than apply them. It would therefore seem that the executive branch would have control over GSA practices in its own hands, with or without enacting legislative requirements.

However, if the Congress determines that accommodation to local zoning, land-use, planning, and development objectives could be advanced by Federal departments and agencies only through basic legislation, we have no objection to title VII.

TITLE VIII, UNIFORM RELOCATION POLICY

This title deals with coordinating program content which is the result of different pieces of legislation enacted by different Congresses over the years. That is the practical source of the disparate policies, procedures, and payments which now exist. NAM itself has no specific policy with respect to Government relocation practices, so we have no formal theme on which to base support of or opposition to this title.

However, we've been aware of the problems. In fact, I had participated in the informal "critics" session on the draft report of the Advisory Commission on Intergovernmental Relations on Relocation. We do know that Government displacement of people and businesses is substantial and has existed for a long time, especially through highway, slum clearance, and code enforcement activities. We know that small businesses, particularly, have been seriously affected, and injured economically, that people have been dislocated without adequate rehousing and that there are inconsistencies of relocations practices and payment policies.

The imposition of similar uniformity of policies at the State level as a condition of receipt of grants from the Central Government is a natural outgrowth of the grant system as it has developed and the logical consequence of the detailed "oversight" that Congress and the executive branch have incorporated into the mechanics of the grant system.

We cannot condemn efforts to ameliorate injustices and the harmful effects of economic dislocations; nor can we criticize efforts to correct disparities in the policies of Central Government programs, grants-in-aid or otherwise, or in the practices of different Federal departments and agencies. We therefore do not oppose title VIII.

TITLE IX, UNIFORM ACQUISITION POLICY

This title seems almost a matter of internal management in the executive branch, except for the imposition on the States of similar uniform practices regarding land acquisition whenever Central Government funds are used. Consistency of policy and procedure "in order to encourage the acquisition of real property by amicable agreements with owners," whether in programs administered or aided by the

Central Government, would seem a worthwhile effort, consistent with the general character of the two preceding titles; and we do not oppose it.

There are a number of serious issues relating to land acquisition policies which this title does not approach. Recommendations regarding these issues hopefully will be made by the Public Land Law Review Commission which is currently pursuing intensive studies relating to public lands.

TECHNICAL PROPOSALS

Chairman Muskie's amendment No. 748 and S. 2981—the accounting, auditing, and joint funding proposals—themselves testify to the need for title VI of S. 698. These technical proposals not only underscore the need to seek consolidation of programs and uniformity of procedures but correct, in some degree, the complicated and confusing ramifications resulting from hundreds of Federal aid programs.

We do not object to these proposals as such. They have practical merit. We would hope these efforts to correct symptoms will not impede the more basic proposal in title VI. Furthermore, these provisions may be more difficult to apply than is now contemplated. Proposed title X, section 1003(b), for example, mandates a rather massive study-and-review job for the General Accounting Office—and especially at this critical point in our fiscal circumstances, this might require greater resources than the results would merit.

However, my participation in the critics' sessions on the ACIR's draft report on fiscal balance in the American Federal System has convinced me that the problems are real ones, and these technical avenues to their resolution—especially the joint funding—constitute appropriate efforts. There should be less need for them, however, as program consolidation goes forward.

CONCLUSION

NAM appreciates the privilege of presenting its views to the Senate subcommittee on Intergovernmental Relations. We hope our comments in regard to strengthening the responsible role of the states in the Federal system, and the several specific suggestions for revising language, will help the subcommittee perfect this legislation and contribute to its passage.

We want to repeat our particular interest in titles V and VI and again urge that at least these be promptly enacted, even if to do so requires splitting them off into a separate bill.

Senator BAKER. Miss Bingham, I thank you very much.

Let me assure you that we are very interested in your viewpoints, in your analysis, and we are extremely anxious that you continue with the staff to elaborate on these points and to include such additional statements or ideas as you may have for record purposes.

Thank you.

Miss BINGHAM. We will be very happy to respond to any inquiries following this.

Senator BAKER. Very good. Thank you very much.

Senator BAKER. The hearing will be recessed.

(Whereupon, at 4:45 p.m. the subcommittee adjourned to reconvene at 9:45 a.m., Thursday, May 16, 1968.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

THURSDAY, MAY 16, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:25 a.m., in room 457, Old Senate Office Building, Senator Edmund S. Muskie (Chairman), presiding.

Present: Senator Muskie.

Staff members present:

Charles M. Smith, Staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order. I am afraid this is going to be one of those bad days. We are going to have gun control legislation on the floor. Since the votes will come quite fast, we will not waste any time.

Mr. Rafsky, you have really been put upon.

Mr. RAFSKY. We do not mind.

STATEMENT OF WILLIAM L. RAFSKY, PRESIDENT, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS; ACCOMPANIED BY JOHN D. LANGE, EXECUTIVE DIRECTOR, AND MARY K. NENNO, ASSOCIATE DIRECTOR FOR PROGRAM POLICY AND RESEARCH

Mr. RAFSKY. Senator, my name is William L. Rafsky, and I am president of the National Association of Housing and Redevelopment Officials and in my private capacity, executive vice president of the old Philadelphia Development Corp. I have with me my associates in NAHRO; on my left Mr. John Lange, executive director, and on my right, Miss Mary Nenno of our staff.

We certainly appreciate this opportunity. We understand your situation very well and do not feel imposed upon at all. We are very pleased to have a chance to summarize in view of your time schedule our statement which you permitted us to enter on the record on Tuesday.

If I may, I would like to say a word about myself and my experience in terms of my qualifications as a witness. Prior to my present position I served for 11 years as the housing and development coordinator

for the city of Philadelphia, and in that capacity as the mayor's top assistant in the field of long-range development for the city.

I was also the director of the local Redevelopment Authority and, therefore, had direct supervision over some programs, including land acquisition and relocation, and a broader supervisory role for other programs, including public housing, code enforcement, and so on, related to housing and development.

During that period I served as a member of the Pennsylvania Advisory Commission which revised the eminent domain laws of the State of Pennsylvania and I note that many of the, or a number of the provisions in S. 698, are not unlike those that we put into the present Pennsylvania eminent domain code.

Our statement pretty well represents the NAHRO point of view. We do want to express our appreciation to the subcommittee and to you, Mr. Chairman, on the hearings, on creative Federalism last year and the sponsorship of S. 698. We think that they are real milestones in trying to understand intergovernmental relations.

We, of course, in NAHRO, who represent local government officials, believe very strongly, and we think our experience backs us up, in local responsibility and initiative. These are words that appear in so many of the Federal programs for which Federal assistance has been provided.

And I have submitted, as part of the record on Tuesday, a summary of a statement which I submitted to the Senate Subcommittee on Housing which emphasizes this point. We feel quite strongly that if the programs are to work, including some of the wonderful ideas in S. 698 and S. 2981, that there has to be perhaps a more radical revision of the relation between Federal agencies and localities.

And I might want to say just a word or two more about that when we come to one of the other titles in S. 698.

Getting to the bill, itself, we certainly endorse the basic concepts and principles, such as those in title II for a more flexible administration of Federal grant-in-aid to the States. I would like to note, by the way, that although that title talks about relations between Federal and State and local governments that there are some situations, such as those in Philadelphia, where the metropolitan areas go across State lines. We have three States within the metropolitan area. And in terms of trying to achieve efficiency and flexibility, the need for contracts and compacts and negotiations with three State legislatures gets to be very cumbersome; we are hopeful in terms of this flexible administration idea that a look will be taken at that specific problem as well.

We endorse the technical assistance provision in title III by the Federal Government and to State and local agencies.

We endorse the title IV in terms of the provisions to relate federally aided urban development activities to comprehensive local planning. We believe that this is extremely important, particularly in terms of both local and regional planning, and also that in regional planning, State governments can play a very important role.

It is in title V that we have a very strong endorsement of the provisions of the bill to have a systematic review of the Federal aid programs by Congress. Specifically, we would like to see some language in section 503 that when substantive committees of the Congress

get into these reviews and updating of the programs that they consult and take advantage of the experience of State and local agencies, because we think that point of view will provide a very significant input.

Title VI, again, to us is a very important provision which we hail in terms of a coordination and consolidation of grant-in-aid programs at the Federal level. It is at this point where we believe that local responsibility and initiative have to be really tested and not be merely words that are merely implied. We have suggested before other congressional committees that there be a radical change in the system in terms of Federal-local relations. I am thinking in terms of my own experience in the city government of Philadelphia, where as a department official in making requests for implementing programs, budget and otherwise, I appeared before city council committee once a year with a budget for programs. I was given not all that I asked for but at least approval of a program, and then I was permitted to go on my own.

In terms of Federal-local relations it does not work that way. Every step of the way requires another documentation, other evidence; it is reviewed not only in terms of a local review, but every local official has a parallel in the Federal scheme, whether he be a planner, appraiser, engineer, or a sight acquisition man. We think this is wasteful and unproductive.

We would, however, in terms of one of the provisions in title VI, in section 602(a)(1), suggest perhaps that there might be some flexibility in that administration not always be consolidated in a single agency. We think that there are some special situations where it might be wise to have more than one agency involved.

We welcome and applaud the provisions in title VII about notice to general local government and Federal Governments intent to acquire or dispose of land. We know in Philadelphia we have had so many difficulties with the General Services Administration or the military departments as they quickly make decisions on acquisitions and disposition of land which are frequently contrary to the whole program of the city of Philadelphia. In one case, a proposal for selling to the highest bidder, which would have greatly impaired our port, because someone bid for warehouses that were a port facility. So we think that this is a very helpful step.

Title VIII, if I may spend just a little bit more time, is a subject where our organization has a great deal of experience—the question of relocation. It so happens that purely by coincidence, my ability to return today was the fact that we in NAHRO had convened a 2-day workshop of people who actually carry out relocation in the Government agencies in the cities throughout the country.

They are meeting at this very moment in Washington to try to face up to some of the problems that are encompassed in the bill before you now. I had occasion this morning to point out to them that as relocation officials they have attempted to call to the community's attention the shortcomings of the program; that they as public officials have been in the vanguard of trying to reform it; and I go back to the 1930's in terms of low-rent public housing where these localities deliberately had programs partly on slum-cleared land, but also on vacant land, so that there might be room for the displaced low-income families.

I recall how in the first program in the 1940's under title I, where there were relocation plans and relocation staffs aiding people as well as moving expenses.

In the 1950's we in Philadelphia were one of many who set up a centralized relocation bureau without any urging on the part of the Federal Government because we saw the need as other programs were beginning to have an impact on dislocation.

In the 1960's, our relocation agencies were the ones who were knocking on the doors of HAFA on having more social workers, more people who understood the minority problems in dislocation. But now we recognize that there is a kind of new frontier: the need to face up to compensation over and above market value because of the hardship; the need to recognize that displacement is a human problem of psychology and attitude toward neighborhoods and institutions in those neighborhoods; the need to have Government agencies, in a sense recognize that it is a fundamental cause of their program, and as much of a public service to take care of individuals being displaced for that public improvement. Perhaps most important of all, is to provide resources for relocation because it is in access to resources that relocation programs will fall or stand up.

If we do not have a housing supply for those displaced, we do not see how any improvement in procedure is going to do the job, and so there must be a parallel increase in housing supply. Nevertheless, all of us who have worked in this field recognize that there are many improvements that can be made under the relocation bill.

We endorse very much what you have in title VIII in terms of a uniform relocation provision, because we know that one person displaced by one agency as against another, just does not understand the need for the difference. We would like to go beyond that. We would like to see, for example, in urban renewal programs, and in public housing programs, the right to begin actual relocation work during the survey and planning period. There is a tremendous hardship on individuals who wait for the plan to be completed. If one family moves out, the people next door are subject to vandalized property, to the uncleanliness, to the rats that may be there. We feel that there ought to be a flexibility and a willingness to supply the funds to start early. It does not increase the cost, and in some ways it might reduce it, and certainly reduce the hardship on the individual.

We have asked HUD on a number of occasions that this might be relaxed and they have been unable to do so, pointing to the legal requirements of having a formally-approved plan.

But, once we have said that, we begin to recognize that the relocation problem cannot be confined to those who are formally displaced by Government programs. Those who are displaced get the kind of special help that we provide and take away from the housing market those units which are needed for families of low income who are not able to adjust well to an urban area.

And perhaps the time has come to look at relocation in the terms of a continuing program, a program where a community aided with Federal funds, can have a standing operation studying the housing supply, making recommendations where that supply ought to be increased, and trying to fit the public programs that result in dislocation into what is happening in that community on a regular basis.

I know in Philadelphia we have taken a step toward—that is, we have added to our central relocation office a special housing supply unit that works with private builders to encourage them to come up with housing where the dislocation needs are greatest.

We would also like to specifically comment on three other provisions in title VIII. In section 802(c)(3), we believe that the $300 payment for a potential purchaser is not adequate, and frankly, we would like to see a payment to supplement the downpayment of a homeowner so that he can purchase a home within 20 percent of his income. We believe that unless you do it that way, you are only giving partial help and do not solve the problem.

We would like to suggest in terms of 802(e) that we eliminate the relocation adjustment payment. We have submitted, as part of our statement for the record, an article that appeared in our journal that shows how inefficient and really ineffective that payment has been. We have already received this morning confirming opinions from the people who are working with the RAP, Relocation Adjustment Payment, to show that it does not work. Instead, we would suggest that there be a flat payment for all displaced persons to help tide them over some of the adjustments they have to make. But more importantly, we should enlarge the leasing program known as section 23 in the Public Housing Provisions, so that people who are renters will be able to afford housing within their income. We think a liberalization of the section 23 leasing program, to apply for all dislocated people would be far better than the relocation adjustment payment as now constituted.

In this regard we have noted that there has been a holdback in some communities on the leasing programs; namely, because a lease for a maximum period of 5 years (with an option for another five) is not always sufficient to encourage private landlords to rehabilitate their property; the amortization or extensive rehabilitation requires sometimes more than 10 years.

We, therefore, would like to see the initial lease period go to 10 years, with an option for another 10 years.

Finally, in terms of title IX, here again we strongly endorse the uniform land acquisition policy which is contained in title IX. I note with a great deal of interest and support these key provisions taking into account, in terms of the value payment, the impact of public activities where it results in the decrease and value of the property. This happens to be one of the provisions, by the way, in the Pennsylvania eminent domain law that some of us were responsible for.

We also welcome something that we are unable to do in Philadelphia because of the real estate laws of our State; namely, compensation for tenants when they make improvements in the property, which is included in title IX of the bill. We think that that is long overdue, because we know of many hardships where improvements have been made by tenants, and under the lease by the landlord they are not able to collect any compensation for that improvement.

We would also like to point out that many of our communities have adopted a policy which we have asked the Secretary of Housing and Urban Development to adopt nationwide.

Where we are dealing with the homeowner or the small businessman to whom a real estate transaction may be a once in a lifetime thing,

he ought to receive the top appraisal of the two that are normally taken in these situations. We feel that the two appraisals are usually reasonably close one to another; but if there is a wide difference, a third appraisal could be made. That these people are entitled to the top price.

More importantly, as we see reflected in title IX, we would like to go beyond the fair market value and we note, for example, and have submitted for the record, the recent law adopted by the State of Maryland where for the first time it talks about paying compensation for hardships over and above fair market value. We think that this philosophy also ought to be in title IX.

This represents a summary of our testimony, and we appreciate very much this opportunity to have this oral presentation as well.

Senator MUSKIE. Thank you very much, Mr. Rafsky. We appreciate your patience and also the excellent and very constructive statement which you made. I know that each one of your suggestions will get serious considerations.

Mr. RAFSKY. Thank you.

(The supplementary statement follows:)

SUPPLEMENTARY STATEMENT BY THE NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

TITLE VIII OF S. 698, UNIFORM RELOCATION—SECTION OF THE INTERGOVERNMENTAL COOPERATION ACT OF 1968

In testimony on May 14 and 16 before the Subcommitee on Intergovernmental Relations of the Senate Committee on Government Operations, NAHRO President William L. Rafsky was given permission to file for the hearing record any additional comments or recommendations on title VIII which might result from the local relocation directors from throughout the country meeting in Washington on May 16–17, under the sponsorship of NAHRO. The statement below is the result of that meeting. Attached is a listing of the local relocation directors who attended.

Endorsement of NAHRO testimony

The local relocation directors endorsed the testimony which NAHRO gave to the Subcommittee on May 14 and 16 on title VIII of S. 698. They specifically endorsed these points:

1. That the proposed $300 payment for potential home purchasers, Section 802(c)(2), is not adequate and supported the NAHRO recommendations—that a flat payment be made to supplement the down payment of a home owner up to the point necessary to enable him to purchase a suitable home within 20 percent of his income, and that potential home purchasers be given special priority for federally-assisted home ownership programs.

2. Elimination of the relocation adjustment payments (RAP), section 802(e) of S. 698. The relocation directors agreed that the present system of RAP payments is complex and inequitable.

3. In substitution for elimination of the RAP payments, the group recommended:

a. Establishment of a flat displacement payment based on household size as follows: 1 person—$200; 2–4 persons—$300; 5–6 persons—$400; and 7 or more persons—$500. This flat displacement payment would go to *all* households displaced by public action and would compensate for necessary costs involved in adjusting to a new location.

b. Expansion and aditional flexibility in the Section 23 leasing program of the Housing Act of 1937. This would involve not only sufficient authorization in Section 23 to cover relocation housing needs, but also additional flexibility in making local agencies eligible to receive federal assistance under the section 23 leasing program. It would extend the eligibility now given directly to a local housing authority to include any other agencies designated by the governing body of the local community.

c. A special priority for the rental assistance programs of the Federal

government for all displaced households, including rehabilitation loan and grant programs.

These changes would cover both the immediate adjustment needs of displaced families and rental assistance on a continuing basis for those displaced households who need it.

It should also be pointed out that in addition to more effective and efficient assistance, the displacement allowances suggested are less than the RAP payments provided in S. 698.

4. That the $200 maximum moving payment for displaced persons under S. 698, section 802(c)(1), is *adequate* in most instances at the present time. However, they did point out that there were individual hardship circumstances where moving costs for a displaced household were over this figure. The relocation directors recommended that the law be made more flexible by providing that in the case of a hardship situation, documented by the local agency, a moving payment could be made in excess of $200, subject to review of the federal agency.

5. That compensation for property loss for *displaced households* be provided under S. 698. It is currently provided under Section 114 of the Housing Act of 1949, but *not* under the proposed bill. It is recommended that compensation for property loss be separate from the moving payment, section 802(c)(1), and that it be up to $200 for any documented property loss.

Additional recommendations on business displacement (Secs. 802, 805 and 807 of S. 698)

NAHRO suggests the following provisions for business relocation:

1. *For all displaced businesses which relocate.*—

a. Payment of full and documented moving expenses.

b. Payment for documented direct loss of property, up to $5000.

c. A flat *displacement payment* equal to the average net annual earnings of the displaced business or $5000, whichever is lesser.

2. *An optional fixed payment for displaced businesses which relocate.*—As an option to the provisions of 1, a total fixed payment equal to the average net annual earnings of the business or $7500, whichever is lesser.

3. *For businesses which go out of business.*—A "going out of business" payment, when this is a result of displacement, equal to the average net annual earnings for a *two-year* period, or $10,000, whichever is lesser.

Congressional intent and flexibility in relocation program administration

In the two-day discussion on May 16–17, the relocation directors continuously came back to questions about the spirit and intent under which relocation assistance payments are administered. They reported their local experience indicated that because of the detailed requirements in the existing Federal law (and likely in the proposed S. 698) auditing by federal agencies of local relocation practice often became over-detailed and negative. The group recommended that the Subcommittee on Intergovernmental Relations consider in any revision to S. 698, the elimination of detailed provisions which can be handled through administration, with more flexibility, and the inclusion of the following points in its report on S. 698:

1. That the intent and spirit of title VIII, Uniform Relocation, is to make the statutory assistance available to displaced households or businesses with the least cumbersome administration;

2. That it is the intent of the Congress that displaced businesses and households *receive* assistance and that the emphasis should be on qualifying (not disqualifying) eligible recipients;

3. That the local administration of relocation assistance be flexible in terms of providing assistance in the survey and planning period of public development activities, as well as making payments *in advance* of actual moving, if necessary to meet hardship situations;

4. That the auditing of relocation practice be made in the spirit of 1, 2, and 3 above.

TITLE IX OF S. 698—UNIFORM LAND ACQUSITION POLICY

The local relocation directors meeting in Washington on May 16–17, had the following suggestions and additions to NAHRO testimony.

Section 904 of S. 698 provides for reimbursement of settlement costs on federally acquired property, but not property acquired with Federal assistance. This same section should apply to properties acquired with Federal assistance.

Correction in act of the State of Maryland (No. 365), which NAHRO filed with its testimony: The compensation included in this Act, as finally passed by the Maryland Legislature was *$5,000, not $3,500* as contained in the original bill, as filed by NAHRO.

LIST OF LOCAL PARTICIPANTS IN NAHRO RELOCATION WORKSHOP, MAY 16–17, 1968, WASHINGTON, D.C.

Oswalda Badal. Director of Relocation, Chicago Department of Urban Renewal.
John Baylor, Relocation Supervisor, Urban Renewal Agency of City of Austin, Texas.
Ray Call, Director, Family Relocation, New Haven Redevelopment Agency.
Ray Carrasco, Relocation Supervisor, Sacramento Redevelopment Agency.
Arthur G. Christensen, Assistant Director of Relocation, Baltimore Urban Renewal and Housing Agency.
Frank Coopa, Jr., Cumberland, Maryland, Urban Renewal Agency.
Charles L. Davis, Relocation Officer, Saginaw, Michigan, Urban Renewal Division.
Charles M. Dunlap, Director of Relocation, Louisville, Urban Renewal and Community Development Agency.
Jerry Elsinger, Commercial Relocation Officer, Chicago Department of Urban Renewal.
Ed Emerson, Des Moines Department of Urban Development.
Charles W. Fairley, Director of Project Operations, Redevelopment Commission of Greensboro, N.C.
Joseph Howard Grigsby, Chief, Relocation Branch, Atlanta Housing Authority.
Cliff Hardy, Director of Relocation, Miami-Dade County, Department of Housing, and Urban Development.
Howard Heller, Executive Director, Portland, Maine, Redevelopment Authority.
Luther W. Hemmons, Director, Relocation and Management Division, D.C. Redevelopment Land Agency.
Francis Hickey, Relocation Officer, Brookline (Mass.), Redevelopment Authority.
Dorothy Holtz, Director of Relocation, Minneapolis Housing and Redevelopment Authority.
Mr. Kupper, Rehousing Bureau, Philadelphia Redevelopment Authority.
Ted A. MacDonell, Chief, Relocation Community Relations Division, Fresno Redevelopment Authority.
Lawrence Miller, New York City Housing and Development Administration.
Joseph A. Miltrano, Jr., Chief of Relocation and Property Management, Rochester Department of Urban Renewal and Economic Development.
Marvin Nesbitt, Director of Relocation and Property Management, Kansas City, Missouri Land Clearance for Redevelopment Authority.
Francis O'Connor, Relocation Officer, Brookline, Mass., Redevelopment Authority.
Peter Riemer, Deputy Executive Director, Redevelopment Land Agency, District of Columbia.
Homer Saunders, Director of Relocation and Slum Site Management, Detroit Housing Commission.
Joan Smith, Assistant Director, Family Relocation, Boston Redevelopment Authority.
G. Ronald Smith, Family Relocation Planner, Cincinnati Department of Urban Development.
Philip C. VanSoelen, Director of Relocation, Seattle Urban Renewal Division.
Warren Swartzbeck, Housing Specialist, Philadelphia, Office of the Mayor.
Robert Tobin, Director of Family Relocation Services, St. Paul Housing and Redevelopment Authority.
Marian Yankauer, Director of Relocation Division, Massachusetts Department of Commerce and Development.

Senator MUSKIE. Our next witness is Prof. George Sternlieb, research director of the Graduate School of Business, Rutgers.

It is a pleasure to welcome you, sir, this morning.

TESTIMONY OF PROF. GEORGE STERNLIEB, RESEARCH DIRECTOR, GRADUATE SCHOOL OF BUSINESS, RUTGERS—THE STATE UNIVERSITY, NEWARK, N.J.

Mr. STERNLIEB. Thank you. Given the time pressures and many other things which I know you have got to do today, let me be as brief as possible.

I have already submitted a statement which summarizes my thinking and I would like to add to it a very few comments which are open to question.

First of all, I think we have to view relocation as a constant, not a temporary, occurrence, and certainly not a response to some phenomena that is going to go away. It is incumbent upon us to accept this fact, and I think this bill is a very important first step in the direction of developing appropriate methodology in governmental relationships which bring us ready for the 21st century.

We are going to have more relocation. We are going to have relocation not merely as a result of urban renewal and highway programs, we are going to have relocation, I think increasingly, because of technological shift, and right now we simply do not have the methodology appropriate to cope with this.

We have had some experience, some which I know you are familiar with. For example, an Armour meatpacking facility closed down. The company was willing to move some of its workers. There simply was no adequate governmental aid in terms of advisory services, know-how, and housing market analyses to facilitate this.

In the area which I am from, New Jersey, we had the closing down of the Mack Truck facilities. We had 3,000 workers put out of a job. I do not think it is coincidental that Plainfield was one of the cities in which there were significant riot activities. Again, the company was willing to move a significant number of its workers. There was no facilitating matrix that the company unions could turn to to facilitate this interstate move.

I am perhaps casting a rather long net here, but I am reasonably sure that the know-how gained through this type of implementing legislation will have its greatest significance in the years to come not as a followup of urban problems and rural problems, but because of technological dislocation. This means that we cannot simply put the program into the mainstream and think of it as being a finished program. What is required is a continuous updating and auditing of our approaches (and in the area of auditing I must say that Government facilities in general have been lugubriously bad).

We simply do not have adequate statistical information on what has happened as a function of relocation. This has permitted a variety of nonsense type appraisals of relocation, among them that all relocation is bad. If we view this relocation challenge as a constant, I think the necessity of accompanying it with continuous auditing procedures is very clear cut.

I have some comments which are specific, actually, to Mr. Hughes' suggestions on the bill. I have stated these in brief form at the tail end of my testimony. Let me leave those stand for the record and receive any questions which you might have.

Senator MUSKIE. Thank you very much. I do have a few questions.

If I may say, we do have more and more pressure of time, but I want to be sure I give you at least a minimum.

The Bureau of the Budget in its testimony last week objected to the full 100-percent Federal financing of relocation payment up to $25,000. You refer to that as a disastrous step. I wonder if you would want to elaborate on that?

Mr. STERNLIEB. Certainly.

Senator MUSKIE. The consequences of that in Newark and in other cities?

Mr. STERNLIEB. Yes. Our problem, it seems to me, is a problem of concept, of thinking through what is happening and what has happened. We thought of urban renewal as a response to an essentially local phenomena. If the local area wanted to do something about urban blight, why, the Federal Government would extend some aid. But it was still, essentially, a local responsibility and a response to local problems. I think the absolute frequency of these problems, the universality of these problems, increasingly makes us aware that this is not the disease of a particular area, but rather a national problem.

Relocation is merely the handmaiden of our response to this problem.

The local facilities, the local governmental units, have as part of this problem the fact that they are going broke. One of the things that is impeding urban renewal efforts right now is the fact that generous Federal Government provisions still require these close-to-bankruptcy local facilities to share substantial parts of the cost of what is essentially now, I would repeat again, a national problem. And we ask the government unit that cannot repair its schools, that cannot collect its garbage, that cannot pay its teachers, that is basically going out of business, we say to it, yes, cure yourself, but you are going to have to pay.

Now, if local government units cannot cover their operating costs, much less increase their essential capital budgeting costs, it seems to me, it is a step in the wrong direction.

Senator MUSKIE. Mr. Rafsky earlier this morning referred to the fact that relocation payment and assistance begin only when an agreement has been reached between the Federal Government and the localities to receive it. As far as I know, no assistance is available during the planning stages. What experience did you have in Newark with this kind of problem?

Mr. STERNLIEB. Experience which I think confirms the importance and significance which Mr. Rafsky has placed on this point. For example, one of the basic causes of the Newark riots was a very significant area of dislocation which was projected as a function of this medical school dispute.

We have had ads in the Newark newspapers saying, "Are you located in the Federal school site? Come to real estate agent X. We have apartments for you." "You better get out of the real estate in the medical school site, come to agent Y."

We essentially have blasted about 40 percent of all the people out of—not merely the site which was ultimately decided on, but out of the 150 acres that was initially projected. In the actual area now decided on for the medical school site in 1960 there were approximately 5,500 people. By the time the Newark Housing Authority, which is the Newark Urban Renewal Administration Agency, took a head count,

nd this by the way was prior, once again, to there being an official eclaration that this was the site and that relocation payments would e made, there were approximately 3,300 people.

Now, this is an area which has a relatively tight housing market. hese were people who basically had been displaced as strongly and as horoughly as if their houses had been bulldozed. Our problem is that nce an area becomes known as an urban renewal area, and let me use hat term "known" in quotes, you begin to get a pattern of high vacancy ates, and as your vacancy rates go up, your landlords reduce their naintenance because the building is going to be taken.

We have had shocking experience here, verbatim testimony by landords indicating that they had been approached by the State highway eople preliminary to a route clearance and told not to make any reairs. Now, whether the landlord is excusing his misbehavior in this ashion, or whether this was actually indicated, is certainly open to uestion. But, certainly what we do have is a pattern of desertion. In urn this has a dynamism of its own. People are driven out. The drunks, he derelicts move into the empty apartments. You get a pattern of andalism, and the decent people simply cannot live near that.

By the time we have our area declared an urban renewal area or an rea for clearance, and by the time we have implemented this most xcellent legislation we have here, a very substantial portion of the eople most impacted by clearance have been forced out. This is a very erious problem.

Senator MUSKIE. What is the solution?

Mr. STERNLIEB. On several levels. First of all, I think we must stop omehow, some way, this mischievous propagandizing of the local renewal authorities on what is going to be renewed. We asked some 390 andlords, are you in an area of urban renewal. Let me suggest that a good many of them were in urban renewal areas and did not know it, nd a good many of them were not in urban renewal areas and thought hey were, and I can understand their lack of knowledge here.

Secondly, I think once we have a serious degree of interest in an area, hat we set up some degree of facilitative mechanism, if nothing more than a centralized facility that the tenant or owner can turn to for information. "What is actually going on in my area? What is the alendar? What type of Government programs am I entitled to now? What can I look forward to in the future? Who is going to buffer me? This is not available now.

Typically what we have now are two forms of alleviation. One form is no alleviation unless you know about it, and the other form is alleviation in case you do know about it. And unfortunately, many of the people who are most in need of help, are those people who are least sophisticated.

We simply have all too frequently the Government in any of its manifestations taking a very passive role. If you come, if you qualify, if you know how to fill out the forms, we will take care of you, and if you are willing to wait. But, if you do not come, we are not going to go looking for you. I would suggest very strongly this is not an arm's-length transaction, but this is rather the type of thing that one would expect from a not too scrupulous merchant trading in goods whose quality he was not too sure of.

Senator MUSKIE. From your experience in Newark, what has bee the effect of fair market value concept on these land takings?

Mr. STERNLIEB. I think the fair market concept has a deceptivel sound ring to it. By the very definition of fair market, we all believ it is a market, and we all believe it is fair. I think, however, its realit is that there typically is no market. Technically, the concept of market refers to a willing buyer and a willing seller.

Now, by the very definition of the fact that I am not in the marke this means that market prices, as far as I am concerned, do not mak a market which attracts me. That the sum of my feelings, affection inertia, desire, are such that I want to stay where I am rather tha sell to you. There is no one moment that all the properties in an are are for sale.

Now, the Government comes in and says at a moment of time w are going to have a market, fellows, and do you know what is goin to determine that market? The fellows who did not want to stay, th last sales in the area.

Now, by the very definition of these last comparable sales, thes were the people who wanted to sell, and by the very definition that was not one of the sellers, there are sales that have no relevance to me

Now, this is perhaps overly logistic and conceptual, but let us tur to the owner.

The fair market, at best, in concept, should be a fair market whic permits him to reproduce that which he has given up, and the mone merely becomes a facilitating means of exchange. The basic fact o the market is that all too frequently this simply is not the case, tha in order to be a buyer on an open market rather than a seller on closed market, he must pay more.

Now, there may simply not be available the same type of facility the same type of conveniences that he enjoyed before.

In business we say "Well, that is his tough luck," but it seems t me that in the Government-person relationship, we cannot say that We have a unique responsibility over and above the general concept o fair market, to provide at least fair market to the individual. It i not the individual who is profited by this program, it is the individua who is paying a very substantial part of the price for the program which has universal application, and it seems to me that the Govern- ment must bear the brunt of defending its payments.

Senator MUSKIE. What standards of measurement can be used fo establishing the amount of these payments?

Mr. STERNLIEB. I think here we have to look into the reality o where will this individual go, what will it actually take him to get there, to be reestablished, to be made whole. We have to accept the fact that we have cut, at the very least, significant days out of this individ- ual's enjoyment of his facilities, we have put him to considerable difficulty, not uncommonly, particularly amongst people who are not too learned. We have forced him to go to an agent, whether it be a lawyer, a consultant, or a confidant, and pay significant fees because of his own uncertainties. I think all of these have to be taken into account, and to the degree that we have distressed him, let me repeat again, we must make him whole. That is our basic responsibility.

Senator MUSKIE. This could be a case-by-case test?

Mr. STERNLIEB. Yes; and at the risk of being academic, which is a prerogative of the academician, after all, I do not think that administrative difficulties can be permitted to intrude on the conceptual approach to be utilized. If we do not know how to do something because of some difficulties of administering, then it is the responsibility of the administrator to find out how. That is what they get paid for.

Senator MUSKIE. Just two more questions. We provide for optional fixed payments in the bill, presumably to give poor people an opportunity to get compensation without going through the burden of administration and redtape. Do you feel that that technique as worked out in the urban renewal program is a good idea, the optional fixed payment?

Mr. STERNLIEB. Yes, sir.

Senator MUSKIE. Are they adequate in the bill?

Mr. STERNLIEB. There I have some reservations. I will not make any criticism at this moment. I can appreciate the limitations that we are suffering under. I think, however, this is an area that the committee should continually reexamine.

Senator MUSKIE. If we do not get titles VIII and IX enacted as written, do you think that we will experience any real difficulties in the results? How critical are they, in other words? How important are they?

Mr. STERNLIEB. I think they are very, very important. We simply cannot stop the wheel, we cannot immobilize our society. We are dependent on mobility. If I can turn for a moment from governmental programs which impact society and cause relocation, if we can just turn to our private business we can see the phenomenon. When we look at mobility patterns, for example, the most mobile people in our society no longer are the poor, they are the rich. The pattern of corporate relocation, corporate transfer, is a constant. In my own neighborhood, when one goes house hunting he sees Scott Paper houses, IBM houses, what-have-you houses. These houses are actually owned by corporations because they have had to move their executives.

Now, notice in those cases, in order to avoid impacting the individuals, a corporation actually takes title to a property, not uncommonly moving the wife into a hotel in the new city so that she can survey the area before deciding on a house. A whole infrastructure is built up in private industry to complement the fact of mobility.

When we look at Government action here, I think we should be somewhat embarrassed; that rather than viewing this bill as an act of generosity we should view it as a very long-overdue first step toward meeting a continual challenge. This challenge is here. We are not going to be able to stop it.

I think the waving of urban turbulence as a red flag, saying that if you do not do what we want, we-are-going-to-get-you-type of thing, has been much overdone. What is much more significant, however, is the relationship between the Government and the individual, not the Government and the protester, but the Government and the individual, and the individual's rights. Society makes us impact those rights. We have to. The roads have to go through for the good of everybody. Clearance of a slum area is required. It has to be. But, we must make that individual whole, and I think that is the important part.

Senator MUSKIE. We thank you very much, Professor Sternlieb and that bell indicates that we are going to be voting before long Thank you very much.

Mr. STERNLIEB. Thank you, sir.

(The statements of Mr. Sternlieb follows:)

STATEMENT OF DR. GEORGE STERNLIEB ON THE ROLE OF RELOCATION IN AMERICAN SOCIETY

INTRODUCTION

The fact of relocation is a constant on the American scene. It is the essentia and faithful companion of the technological changes which are continually alter ing our lifeways, and the relationship between man and his environment. The necessity for relocation will not go away. There is every reason to believe that its necessity will, if anything, increase over time. Its present magnitude, encompass ing more than 100,000 individuals and families, to say nothing of its future prospective growth, means that every feasible tool of analysis should be applied

GOVERNMENTAL VERSUS CORPORATE RELOCATION

Little notice is presently taken of the executive transfer, though the role of many suburbs is increasingly to provide transient accommodations. This is accepted as being an essential part of the growth of American corporate might from a local to a national and even international level. The individuals in question typically are buffered by substantial relocation payments by their respective firms, not infrequently including guarantees against loss on the sale of their homes, travel money for their wives to aid in the selection of new facilities, and even the taking of title of their past homes by the parent corporation.

The growth of highways, the changing role of our cities, generates an equally inexorable logic in the relocation of people who all too commonly are at the other end of the economic spectrum—the poor. Here the Federal Government has a relationship with its citizenry not too dissimilar from that of the major corporation—the I.B.M., The Scott Paper, The Union Carbide with its work force. The contrast in the execution of its responsibilities, however, is unmistakable. While the corporate transeferee typically has some freedom of choice—he can move or not move—stay with firm or change jobs as he will, the individual caught in the face of a highway route, or major urban rehaul, does not have this option. He is faced—and quite properly—with the overwhelming competence of the government through the medium of eminent domain. This entails a far greater responsibility on the part of the government in treating with the citizens so displaced, than is the case with the corporation.

The contrast, however, between the treatment accorded the individual by the private enterprise, as contrasted with the government, is very sorry indeed. According to a recent Wall Street Journal article, the corporate transferee is commonly securing as much as $2,000 in benefits as a function of the shift to say nothing of the pay increases which may attend transfers.

The public transferee on the other hand, secures only a tenth of this at best. Not uncommonly as will be detailed below, he is not even aware of the benefits, modest though they may be, and must expend his very limited means to move himself with all of the attendant expenses that are involved. All too frequently the officials involved in a program do not view it as their affair to acquaint the individual with the limited benefits which the government does make available, but rather view their role essentially as a passive one, i.e., to handle calls for relocation payments only upon request.

Despite the strong wording of remedial legislation, there is still the gap between relocation aid as a right and obligation of the government as against its' being a privilege—even though at best a most modest one. Given the strains inherent in our society, this is an attitude which cannot be tolerated. Much improvement has been made in relocation procedures, but much still remains to be done.

HOUSING AND URBAN ECOLOGY

The concept of the city as being something more than an end in itself, i.e., an institution which must be reinforced in terms of its own life cycle, has been behind much renewal thinking in the United States. More and more, we realize

hat the city is far less important than the people who live in it, that the advancement in life style of the latter is much more important than is the city per se.

The city is a place where the bulk of our poor presently live and, while this may change in the long run, certainly for the next half-score years, this will be true. Our efforts to bolster the city often are most costly to the poor, given their relative immobility, particularly in the face of housing restrictions both economic and social, coupled with the fact that there has been a substantial shift of employment location outside the city.

Relocation is in part the essential concomitant of efforts to bring jobs back and is frequently the essential price of providing an environment which for the overall group is substantially more satisfactory. The rapid obsolescence of much of the urban housing stock requires very substantial efforts at rectification. These too, involve massive clearance and/or rehabilitation efforts which involve relocation. This is a price which society as a whole must pay. Unfortunately, all too frequently, a very part of the personal burden is borne by those least able to support it—the poor urbanite.

GOVERNMENT AND THE PEOPLE

Government intervention is frequently called on in a role similar to that of the surgeon—cutting away the malignant, the disease provoking, in an effort to save the entity. But this relationship between the government and the people involved in the city is a most sensitive one. If the feeling arises that the government is a monolithic entity trampling over the desires and sensitivities of the individual, a remorseless juggernaut that cannot be intimidated through the weak political processes and organization of the poor, only despair and violence can result.

In this very delicate relationship, relocation practices play a major role. We have not taken full cognizance of this role. Past practices, particularly with highway location, have been callous to an extreme. Survey teams have gone into areas, prior to any efforts at formalized relocation, and have literally scared half the inhabitants out. What surveys we have of former relocation practices largely have as their universe not the total number of people extant in an area prior to the actual inception of clearance, but rather the portion of those people who have stayed past the waves of forced exodus. As such, these studies are open to criticism.

NATURE OF THE CRITICISM

All too frequently, however, the criticism of relocation procedures has been substantially fallacious. I would like to touch here on two schools. The first of these has been referred to as the "grief school." One of the basic research efforts at determining the mental outlook of people faced with relocation had as its lead question for example, the following, and I quote: "Many people have told us that just after they move they felt sad or depressed, did you feel this way?" The scale which was used to grade this obviously leading question ran from minimal grief to maximum grief. There simply was no way to rate people who might have been happy at being moved.

The second school of thought is the new radical group that feels that anything governmentally inspired must be wrong. When faced with the results of a recent Bureau of the Census study of relocatees, their basic response to its positive elements was to accuse the census bureau of being obviously biased, i.e., one government agency rating another. I do not think that this argument needs to be criticized here. It does show, however, the depth of feeling and obtuseness which can be raised on this subject.

THE DOLLARS AND CENTS OF RELOCATION

The comments of relocatees are clear on dollar cost: "The linoleum didn't fit in the new place—it began to curl. It cost me $28 for new linoleum in the kitchen. The piece in the living room worked out alright but in the old place we had an extra bedroom, now in the living room we need a daybed that cost $65 used." "The curtain rods when we came in were hanging by a thread." "I think the first week my husband told me we spent $23 in the hardware store." "We had our own refrigerator but it didn't fit in the new kitchen." "You know you can't get anything for a used refrigerator, except when you want to buy one it costs a lot of money."

I could go on with these quotations at substantial length. I think if you recall your own experiences in moving, and add together all of those non-budgeted items: the cup hooks in the kitchen cabinet, the lining paper, the weather stripping for a leaky window, the new electric light bulbs and occasional fixture, the piece of furniture which doesn't work out and the new furniture which is required, the electric extension cords, and all of the other items that make a place appropriate for people to live in, that the sheer absolute inadequacy of the $200 payment—which as you know, must also cover the actual physical costs of moving, are all too clear. We have not incorporated into this balance sheet, the day away from work which not uncommonly is the concomitant of moving. Note many of the relocatees are paid hourly, their moving day wages are not absorbed by the employer.

THE NECESSITY FOR PAYMENT REVISION

The description above certainly does not make happy reading, but notice that this prevails under the very best of circumstances. Under present highway procedures, unless the state has opted for the government program in renewal, the actual payment may be far less. Again, let me point out that these payments currently are only made for those people who hold still until the actual process of renewal and relocation is undertaken.

All too frequently, however, renewal is announced well in advance of its actuality, a neighborhood begins to empty out, landlord maintenance slips very rapidly. As vacancies occur acts of vandalism take place, the street gangs and the derelicts move in, the family, even though it may desperately need financial aid for relocation simply may not be able to tolerate the environment long enough to be entitled to it under present regulation. The ultimate payment generally may barely cover actual out-of-pocket moving costs, with nothing remaining to buffer relocation or repay personal labor.

We presently have the opportunity to reconceptualize the relocation procedure, to make it not the horrendous penalty of being in the path of progress, but rather a handmaiden of progress, a corollary of progress.

At best, there is always the feeling of dislocation. The difficulty of finding new accommodations—the increase in housing costs which are usual have not been touched on here. These factors do not rule out the necessity of relocation, they do, however, make it essential for it to be carefully structured. Certainly big government owes it to little citizen to treat him with all of the deference and consideration possible under the circumstances.

STATEMENT OF DR. GEORGE STERNLIEB ON S. 698

The remarks which have already been circulated in my prepared statement are essentially in the nature of a preamble to the specifics of the bill S. 698. May I say first that I believe the Bill to be a very important and timely piece of legislation, fully in keeping with the nature of the challenge of the problem. I can add very little to the Bill which is so clearly the product of profound thought and care and preparation. There are, however, several points which, with some diffidence, I would like to touch on. They have to do both with details of the Bill and also with the statement of Phillip S. Hughes, Deputy Director of the Bureau of the Budget, based on the release of Thursday, May 9.

ON THE PRO-RATING OF THE COSTS OF RELOCATION

Mr. Hughes suggests that the relocation costs be considered part of the land cost and pro-rated under this definition, as is the case presently for other urban renewal costs. I think this is a disastrous step in the wrong direction. The fiscal crisis of local governmental units needs little elaboration here. Suffice it to say that it is precisely those jurisdictions which are most in need, which would be most impacted by this proposal. One of the major inhibitors of renewal efforts is, and sadly enough will be increasingly, the lack of wherewithal by the local government to meet present funding requirements—much less meeting an increased burden as proposed by the Bureau of the Budget.

SMALL BUSINESS DISPLACEMENT

Title 8 of the Bill seeks to alleviate the burden of those small businesses which are impacted by relocation. The Bureau of the Budget would limit this to those "actually displaced." The argument extended seems largely to be one of convenience—it's hard to tell the degree of displacement except for those actually steam-rollered.

While I would not minimize this stricture, we cannot limit our expression of justice solely to those areas where it is easily applied. All too frequently it is the fledgling minority group business man who is most impacted by the clearing away of the patronage upon which his small retail or service establishment depends. In the course of a recent Newark survey, we secured ample evidence of this. I think it is up to HUD or another appropriate agency to define appropriate operating methodologies here with which to help administer this Act. I would not accept the Bureau of the Budget's criticisms.

BUSINESS RELOCATION ALLOWANCES

The Bill, as presented, calls for optional payments of up to $5,000. The Bureau of the Budget suggests the actual expenses of moving plus a maximum of $2,500. Both require income tax returns to establish the profitability of the business. Both maximum payments are related to this profitability.

Let me suggest here that if we are to err, we should err on the side of reasonable generosity. At the level of payment which we are speaking of here, we truly have reference to small, small business. These businesses do not move easily. They are frequently unique to a particular location, to a particular ethnic group, not uncommonly they have essentially grown in a fashion which makes them nontransferable.

To use a, perhaps, overly pretentious term, the small, small business of the older area of the city has a most delicate ecology. By pulling it out of its environment, we expose it to very substantial risk at best. The fact that so very many of the small businesses are not re-established is cited as proof of the fact that they didn't make economic sense and therefore, that their continuance is irrelevant, their clearance merely advancing the time of their demise. While there may be some macro-economic logic to these conclusions, they have little relevance to the individual owner and operator whose life style and income means are sustained by this type of endeavor.

The $5,000 payment suggested in the Bill is not a windfall, but rather an appropriate indication that government is taking cognizance of this problem. Given this analysis I would seriously question the $2,500 figure suggested by the Bureau of the Budget.

Let me suggest here that in any case the typical small owner secures many benefits which are not shown on the income tax return. To the degree that the latter is the required documentation in order to secure these payments, the latter will understate the degree of hurt.

RENT SUPPLEMENTS

Title 8, section 802(e) is, in my opinion, one of the most important contributions which could be made in the field of relocation. It provides for filling the dollar gap between the dislocatee and the requirements of the market for appropriate housing accommodations. The one addendum I would make is to the clause providing that the supplement will be sufficient (within the $500 annual limit) to make up the difference between the new rent and twenty per-cent of the income of the family dislocated.

I would suggest strongly that some type of variable allowance based on the number of people in the household should be adopted here. Housing expenditures as a function of family size vary very substantially.

Subject to this stipulation, however, may I take the opportunity of commending the Committee on its resourcefulness and forward thinking.

Senator MUSKIE. Our last witness of the morning, and I do not know how far we are going to get, is Harold F. Wise, legislative chairman of the American Institute of Planners. It is a pleasure to welcome you, sir.

TESTIMONY OF HAROLD F. WISE, LEGISLATIVE CHAIRMAN, AMERICAN INSTITUTE OF PLANNERS

Mr. WISE. Thank you, Senator. I have a very brief statement here.

Members of the committee, my name is Harold F. Wise. I am legislative chairman of the American Institute of Planners, the professional planning organization which now numbers some 5,000 members who are actively engaged in the professional practice of planning in the cities, counties, regions, and States of this country.

I am here on behalf of the institute to most enthusiastically support the principal measure before you: the Intergovernmental Cooperation Act of 1967.

This is essential, creative, and basic legislation which seeks to knit together and make more meaningful the Federal Government's participation in intergovernmental affairs and in the continued development of the urban areas of this country.

Title II of the bill, dealing with improved administration of Federal grants-in-aid to the States, is a very simple, straightforward, and greatly needed additional tool to improve the administration of State government.

Two years ago my office engaged in a study with the Director of the Budget and the Office of State Planning in the State of Georgia. We found that in 1966, outside of the university system, there were some 200 Federal grant-in-aid programs being used by the State of Georgia which brought $300 million into the State that year.

One of the more interesting findings that we made in that study was that approximately 82 of the grant programs required some kind of a comprehensive plan or multiyeared programing as a condition to the receipt of the funds. The great magnitude of the coordinative job necessary there I'm sure you can appreciate from the fact that we found that no single filing cabinet in the State capitol or in the State office building contained more than one of these plans and yet in all cases the plans sent to the Federal Government expressed to Federal agencies the policy of the State.

Subsequent to this study the legislature did adopt new State planning legislation and reviews of Federal grant applications by the planning agencies in the Governor's office is now a matter of law and policy.

Title II would vastly improve the flow of information from the Federal Establishment to the Governors' offices and in that regard help to underpin the planning efforts of the Governors of the various States. I am not unmindful of the flow of information to the legislature as well as to the Governor's office as being equally important.

Title III is a sound proposal in this period of growing complexity in our governmental programs and a general shortage of trained manpower. Specialists working with the Federal Government should be available on an as-needed basis to State and local units of government.

We fully endorse the provisions of title IV and believe that it would be a great step forward should this language become law. It establishes a Federal policy for sound and orderly development of urban communities and permits the President to establish rules and

regulations for uniform application of urban development programs within the purview of this policy.

The many, many programs scattered throughout the Federal Establishment are sorely in need of this kind of common direction which title IV would permit.

Title V, "Congressional Review of Federal Grant-in-Aids," is a matter that has been before the Congress, as we all know, for quite some time. It is sound. Again, in the interests of coordination and making similar programs work constructively together this review should occur and the passage of title V would assist in this regard.

Title VI again, in our opinion, is a very necessary concept which would give to the President the type of authority he now has in reorganization matters but in this instance to the consolidation of similar and complementary grant-in-aid programs. We all know, for example, the very large number of similar categorical grants for community water supply, sewage, and sewage treatment facilities. These are complementary and I am sure more effective use of the Federal dollar and more meaningful use locally can be made if several of these similar programs were to be consolidated under the authority granted by title VI.

Title VII, dealing with the acquisition, use and disposition of land within urban areas by Federal agencies is the kind of legislation that planners all over the country have been seeking for many years. In short, this legislation would provide that the Federal Government would have to behave in the same manner as any other citizen is expected to behave within a local jurisdiction and conform with all of its planning requirements and the land use planning most particularly established by that locality. This is very sound legislation and should be adopted to assist the localities of the country in their orderly development.

Title VIII, "The Uniform Relocation Assistance," in our opinion, is long, long overdue. For years there have been relocation assistance programs particularly in relation to Department of Housing and Urban Development assisted undertakings. This legislation would establish uniform provisions and assistance for the relocation of persons and businesses made necessary by any action of any federally assisted program. The urgent importance of this legislation can be realized in connection with the unrest in our central cities areas today, where over the years almost ruthless actions of local, State, and Federal agencies have consistently continued to stir up the living patterns of people long established in older and decaying neighborhoods. This proposal is a humane and essential recommendation.

Mr. Chairman, I also have with me, and we would request to insert into the record, a policy statement adopted on May the 5th on equal opportunity, by the board of governors, American Institute of Planners.

Paragraph C indicates the institute's support of efforts to measure the need for and increase the supply of housing for all, and especially people of low income, both within existing communities and elsewhere in rural and metropolitan areas and to minimize the negative impacts of population displacement through the careful staging of projects.

Now, I submit you cannot talk about the careful staging of projects unless you have the essence of the spirit and detail of title VIII as

a matter of law. With your permission I would like to have this in the record.

Senator MUSKIE. Yes, the whole statement will be put in the record.

Mr. WISE. Thank you very much.

Title IX, dealing with the uniform land acquisition policy establishes guidelines and policies with regard to land acquisition procedures of all Federal agencies. Again, this is long overdue and the American Institute of Planners supports this proposal.

Gentlemen, we have been delighted to have had this opportunity of presenting to you our views on this very sound and important legislation and we urge your favorable action on the entire measure as it is before you. It will be of great assistance in the continuing difficult development job that is facing our States, our regions and the localities of the United States.

Thank you very much.

(The material referred to follows:)

PLANNERS CALL FOR EQUAL OPPORTUNITY, ENDORSE RIOT COMMISSION REPORT

The American Institute of Planners today strongly endorsed the Report of the President's Commission on Civil Disorders and called on its 4800 members to work for maximum equal opportunity for the poor and minority group members in planning programs.

The Institute's Board of Governors, meeting in San Francisco, adopted a new policy on equal opportunity which urges planners in AIP to involve the poor and members of minorities in the planning process. The policy statement calls for planning agencies, members of AIP and related professionals to work more closely with all who will be affected by their planning to democratize and decentralize planning.

The statement also asks for a conscious effort by planners to distribute costs, hardships, benefits and opportunities in their plans to eliminate poverty and discrimination against the disadvantaged and increase their opportunities.

On planning education, the new AIP policy says that curricula of planning schools must be changed to give new members of the profession the knowledge to achieve these equal opportunity goals. The statement says that the entrance of minority group members into the planning profession must be encouraged and assisted by AIP.

Finally, the AIP Policy Statement on Equal Opportunity calls for a reallocation of national resources by public and private agencies as suggested by the Freedom Budget and the Kerner Commission Report.

RIOT REPORT ENDORSED

The American Institute of Planners strongly endorses the Report of the President's Advisory Commission on Civil Disorders. We commend the Report to all members of AIP and urge that all planners in both the public and private sectors seriously consider following its recommendations as a guide in their professional practice.

POLICY STATEMENT ON EQUAL OPPORTUNITY

The American Institute of Planners supports the goals of maximizing equality of opportunity and elimination of poverty among all those affected or potentially affected by the programs and plans in whose development and execution AIP members are involved; and is concerned that AIP members use their various talents in ways which help achieve these goals.

The American Institute of Planners recognizes that planning activities and programs have not always supported achievement of these goals and that sometimes, in some places, contrary goals have dominated. We reaffirm the statement on The Professional Planner and Minorities adopted by the AIP Board of Governors on January 29, 1967, and further recognize that the Institute, as a

national professional organization, and its members have both the opportunity and the obligation to help achieve these goals through the following:

1. A reallocation of national resources by public and private agencies as suggested by the "Freedom Budget" is necessary to eliminate poverty, inequality and discrimination, recognizing, as does the Report of the National Commission on Civil Disorders, that "there can be no higher priority for national action and no higher claim on the Nation's conscience."

2. The development and implementation of plans and programs must reflect a conscious and deliberate effort to distribute costs, hardships, benefits and opportunities to eliminate poverty and discrimination against the poor and members of minority groups and increase equality of opportunity.

3. Planning agencies, members of AIP and related professionals must work more closely with all who will be affected by their planning, especially the poor and members of minority groups, to democratize and decentralize planning, and to increase public understanding of, involvement in, and ability to affect the community development process.

4. The curricula of planning schools must be changed where necessary to include educational experiences that will assure that new members of the profession will be aware of and able effectively to influence the planning process to achieve these goals.

5. Entrance of members of minority groups into the planning profession must be encouraged and assisted.

In order to achieve these goals and implement this policy, the following actions by AIP staff and membership are required:

A. Emphasize the achievement of these goals in all representations before legislative, policy and administrative bodies at all governmental levels, and private and non-public agencies and institutions.

B. Hold Chapter and Section meetings to discuss these goals and develop local programs aimed at their achievement, joining where appropriate with other organizations, seeking thereby to build broader support for Institute programs.

C. Support efforts to measure the need for and increase the supply of housing for all, especially people of low income, both within existing communities and elsewhere in rural and metropolitan areas; to minimize the negative impacts of population displacement through *careful staging of projects;* and to improve access to employment centers for low-income and less mobile population both by improving transportation facilities and reducing costs.

D. Support efforts to incorporate manpower and employment training as part of the comprehensive planning at all levels, recommending the creation of new jobs and career opportunities for the under-employed if such are lacking, and the elimination of all forms of discrimination in job training, placement and upgrading.

E. Seek funding for a demonstration project of a monitoring system of governmental programs and agencies to evaluate their contribution to overcoming poverty and maximizing equality of opportunity and to report thereon.

F. Provide the poor and minority groups with professional assistance, including knowledge and skills needed to initiate their own planning and community development programs.

G. Make data, studies, and methods used in program and project development available and accessible to all; make public hearings and information relevant to such hearings accessible to the affected and concerned citizenry with sufficient time for study prior to such hearings; make resources available to such persons or groups, enabling them to become adequately informed; and develop means for assuring that all relevant planning documents evaluate the impact of plans on achieving equalization of benefits and opportunities.

H. Develop, through the Division of Planning Education, specific incentives for the participation of planning schools in promotional efforts and the granting of scholarships leading to study at such schools by members of minority groups.

I. Supplement present Institute income from outside sources as necessary to undertake the above tasks.

J. Support an expansion of financial commitment adequate to enable programs such as Model Cities to eliminate poverty, unemployment and discrimination.

K. Through the Committee on Reformulation of the Code of Professional Conduct reflect the critical responsibilities of the planning profession for responding creatively and vigorously to the profession's responsibility for enhancing equality of opportunity.

L. Insist that all governmental agencies, through practices, public statements and directives, promote agency practices which directly encourage equal opportunity in housing, employment, and all other areas with which they deal and secure full compliance with the laws, orders and Constitutional provisions requiring non-discrimination in all federally-assisted programs.

M. Direct all AIP Divisions and Committees to develop detailed policies and recommendations needed in order to achieve these goals.

Senator MUSKIE. Thank you very much, Mr. Wise.

Thank you all for your patience.

The committee will be in recess until next Tuesday at 9:30.

(Thereupon, at 11:10 a.m. the hearing was recessed, to reconvene on Tuesday, May 21, 1968, at 9:30 a.m.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

TUESDAY, MAY 21, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9:50 a.m., in room 5302, New State Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senators Muskie and Baker.

Staff members present: Charles M. Smith, staff director; E. Winslow Turner, general counsel; Robert E. Berry, minority counsel; and Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. This committee will be in order.

We are meeting this morning to continue our hearings on S. 698, the Intergovernmental Cooperation Act and related legislation. We are focusing particularly on title VIII of this bill, which deals with the displacement and relocation of people and businesses and projects that are financed in whole or in part with Federal funds.

This legislation would establish the rule in all Federal or federally assisted programs but property may not be taken until there is assurance of available standard housing for those displaced. Also it provides for uniform relocation payments and services for those who must move their homes and businesses.

Compliance with these requirements will be a condition for Federal grants to State and local governments to undertake such projects.

We have taken testimony on this bill in the administration from representatives of State and local government, and from various private organizations.

Today we are taking testimony from those who can tell us first hand the effects of these public projects on the life of those living in the affected areas. These are the people who must give up their homes and businesses at the sake of benefits to the community as a whole.

We are looking for ways to reduce the sacrifices they must make and help them achieve new and, hopefully, better ways of life as a result of this experience.

This subcommittee can give no final answers today. The legislation before use has a long way to go before it becomes law.

It is the task of the subcommittee to hear your testimony and to give it full consideration as we prepare this bill for action by the Senate.

I can assure you that this will be done.

All right. Our first witness this morning is Rev. Canon Donald A. Griesmann, director of the Episcopal Community Center in Camden, N.J.

Father, I note that you have some witnesses accompanying you. Would you identify them for the record and then proceed with your testimony.

TESTIMONY OF THE REV. CANON DONALD A. GRIESMANN, DIRECTOR OF THE EPISCOPAL COMMUNITY CENTER, CAMDEN, N.J.

Reverend GRIESMANN. Surely. To my right is Mr. Charles Sharp, who is chairman of the Black Peoples' Union Movement in Camden, and other members of the BPUM are to his right and just to the rear; and we have also brought with us from Camden members of the other citizens groups in the city, persons who are in urban renewal projects, persons who are in the pathways of future highways, and members of the staff from the community center. Mr. Sharp will also give testimony if we have the available time, sir.

Senator MUSKIE. Fine.

Reverend GRIESMANN. I wish to thank you for allowing us to come and address you on title VIII of bill S. 698. We feel that this is an extremely important bill and faces some of the critical problems in the matter of relocation for displaced individuals and families.

We strongly support this bill, and in particular its provisions which will bring federally assisted highway construction under the requirements to provide relocation assistance contained in title VIII.

The significance of this provision can be seen in the fact that in the city of Camden during the past 2 years over 1,000 families and individuals have been displaced by Interstate Highway 76. These families did not receive meaningful relocation assistance by the New Jersey State Department of Transportation. We urge the congressional approval of this bill and will make in the process of this report some 10 recommendations.

We have mailed to you press clippings about the most racially tense period in Camden during the past decade and perhaps even further back than that; and essential to this period is the matter of relocation, urban renewal, highway development, and code enforcement. All of these issues confronted the citizens of Camden and the citizens took it upon themselves to handle them because relocation officers were not equipped to do it.

Highway development has displaced more people in Camden than urban renewal has thus far, but we must pair off city code enforcement along with the urban renewal and thus we have some 3,000 people displaced in 5 years. Because of the lack of coordination of government agencies and the lack of a mandate from Congress that the Department of Housing and Urban Development get down to the business of building houses, the frustrations of the poor have grown to a serious and tragic proportion. From coast to coast, from the gulf to Canada, we have seen a great amount of urban development, but very few houses.

The first recommendation we make is a matter of conservation of low-income housing resources. The purpose of this amendment is to make it the official policy of Congress to maintain existing low-income housing resources which are decent, safe, and sanitary.

The report of the National Advisory Commission on Civil Disorders clearly points out the severe shortage of low-income housing resources and documents the fact that government, and in particular the Federal Government, is responsible for a decrease in the number of low-income housing units.

In a report that our staff submitted to Mr. Weaver, Secretary of Housing and Urban Development, it is approximated that 3,000 low-income families have been displaced in Camden; that another 3,000 low-income families are going to be displaced under present plans by December 31, 1972. During the past 5 years only 101 new units of low-income housing have been added to the housing supply, and these are for elderly people only.

Congress must realize that under present conditions the poor consider even bad housing preferable to no housing. In our cities around the Nation individuals and families are being left homeless and thereby forced into overcrowded substandard housing or housing which is marginal and will rapidly deteriorate due to new overcrowding.

Item 2 is a matter of grassroots representation in the planning process; and we are pleased to see some direction in this particular bill. This addition strikes at the heart of the crisis in our Nation which is a crisis in democracy. Government appears to have forgotten the people, and the tension tearing at our fabric is founded in the failure of Government to provide and require that the people directly affected by urban renewal or highway construction, code enforcement, and other governmental actions be intimately involved in the planning, in the decision making, in execution, and in monitoring of programs which determine their destiny.

The law in theory requires citizen participation in the urban renewal process, but the Department of Housing and Urban Development does not enforce this requirement. The law provides for hearings on urban renewal, housing construction, and other public improvements, however, the lack of professional assistance available to the poor makes it impossible for a community to negotiate successfully with the Government which has the ability to provide countless expert witnesses and detailed studies.

These hearings are a mere formality. The poor must be given the power to enter the planning process at the stage where they can decisively affect the process; this means the poor must be involved from the beginning all the way through to the execution and construction.

I want to depart from the text at this particular point and emphasize that in Camden we have what is required by the work of a program of the Citizens Advisory Committee. The Citizens Advisory Committee are strictly members of industry and business, called the Greater Camden movement. There is no representation of the poor, no representation even of the citizens; only one member of this committee lives in the city. All the rest except one work in the city. One member is the president of John Wanamaker Co. in Philadelphia, who neither lives in Camden, nor has business in Camden; and the citizens are not part of the advisory committee. We documented this in January 1967 through a coalition of civil rights, religious, and neighborhood groups. We brought it to the attention of the regional office. We sent a letter to the President about it, and we have gotten no reaction whatsoever from HUD on this matter. We had to go

further than that to document the problems the poor have in being part of the planning process, and so we produced a 209 page report which we have filed with this committee as well as others.

We made legitimate demands in 1967, and these were never met by HUD, and all they did was say give us some more proof and we will set up some means of grievance. To this point, we have a task force in the city but no changes on the Citizens Advisory Committee.

We requested that there be a minority housing subcommittee, and this was never set up in the city of Camden. We requested it of HUD, we requested it of the city officials, and all we got was a blind look.

The basis of democracy is the Government with the advise and consent of the governed. Yet the experiences of Cleveland, Detroit, Newark, Camden, and cities across this country all testify to the fact that the people are being dictated to by the Government—Federal, State, and local—and that Government is enforcing a set of policies and programs which are premised on the economic interest of the white middle class. The poor pay the price of this economic interest. Their lives are destroyed, their families are uprooted three, four, five times in a decade. When housing is found for poor people it is normally in the pathway of another urban renewal project, or in the pathway of a highway.

Friends are lost as neighborhoods are torn asunder. Children's education is interrupted as schools, teachers, and grades change with each move. Small businesses are destroyed. Homes are taken. Individuals and families are left homeless and forced into substandard housing. New ghettos are created in the marginal housing which becomes overcrowded. The elderly die.

We followed the pathway of Route 76 in the city of Camden over a period of 3 years. The families were not given relocation assistance. They were directed to the board of realtors—for blacks and Puerto Ricans to be directed to the board of realtors is to direct them to prejudicial people.

The Board of Realtors in Camden County sent out lists to their members of families being displaced—blacks and Puerto Ricans—on a mimeographed list. Together with that list was a red, white, and blue broadside presented on a national level saying, "Let us fight the President's open housing law. We did it last year. Let us do it again."

What kind of treatment can be expected by the poor—the black and Puerto Ricans—when their names are presented by a board of realtors who are fighting the open housing law. The New Jersey State Department of Transportation referred people to a few agencies, and then the national group, the Federal Department of Transportation says all the families were referred to the relocation office of urban renewal when this, in fact, was not done.

We find that urban renewal and highway construction are displacing people without adequate relocation plans. The poor cannot live in the housing; the educational failures in our cities precludes the poor from going to the universities which urban renewal is building; the cultural horizon centers that urban renewal is building are of the white middle class; and the poor cannot get the jobs in the industry and the businesses that are being constructed by urban renewal funds.

In Camden the first urban renewal project replaced homes with cleared land for industry. The Negro leaders of 1958 and 1959 were told to support the project because it was for homes, but it is earmarked industry. After 10 years all we have is cleared land, no industry has been built there. We are told another 15 years would have to go by before the industrial use would disappear. No one has built a thing on it.

Another urban renewal project was a luxury apartment with rents over $100 a month. For several years taxes on that apartment building were reduced because occupancy was low.

Next an office building was constructed. Now, the developer is bankrupt, and one of the biggest tenants of this building is our own housing authority who is supposed to take care of public housing and urban renewal.

Three new schools were constructed in our neighborhoods—the black, Puerto Rican neighborhoods—without blacks and Puerto Ricans being involved in the planning. We, the people, were told the old schools would be torn down for the new ones, but the projection of student population was too low and some of the old schools are still standing and our children still go to them. This is in a city that has won an award for urban renewal. We would point out that the award was given by other planners.

Rutgers University has displaced hundreds of Puerto Rican families in 1966 in the city of Camden. No Puerto Ricans could get into public housing. We had to go to the streets and march an entire summer in order to integrate public housing in 1966 in the city of Camden. It was only after all those marches and raising a lot of sand that integration occurred.

The educational system of Camden does not prepare the Puerto Ricans who were displaced to attend Rutgers, nor is Rutgers involved with their neighbors.

Now, we have got a Northgate II project which is displacing over 300 families for apartment units with 300 to 400 apartments which will rent over $100 a month and up. Mr. Sharp will give you some testimony relative to the problems of the families in that area.

The only new units created for the poor have been in one apartment building for the elderly.

Now, highways. Highways are the new conversion of the former low income housing, and they are for easy access of the white middle class to escape the city at 60 miles per hour back to the suburbs that the Federal Housing Administration has built since the Second World War. Highways are built to rush suburbanites into the cities for employment, athletic events, and entertainment, and out of the city in order to live.

Twenty years ago the New Jersey State Department of Transportation bought houses in South Camden for a highway. Many of these houses were demolished. Just a few years ago the route was changed, so that today vacant land stands where, under existing FHA rules, no houses with offstreet parking can be built without displacing more families. A street that could have been rehabilitated is now a pockmark in our community. This is not only an issue of poor planning and development, but it is also an act of civil disorder by the civil authori-

ties; this is legalized looting of houses and vandalism of our neighborhoods.

The history that we have seen in Camden is a history of broken promises, of lies, of added disappointments, and frustrations to the black, to the poor, to the Puerto Ricans.

Inherent in much city planning is the view that Government supported programs are designed to revitalize the city, to build up a new economic base; but that economic base is being built on the backs of Puerto Ricans, and blacks, and the poor.

In Camden the blacks and Puerto Ricans have been denied the opportunity to participate in the formulation of the city's redevelopment plans. The mayor of the city has refused and continues to refuse to recognize community groups, valid and alive, formed by the people for the purpose of improving their neighborhoods and rebuilding their city.

The model cities application submitted on April 15 of this year to HUD was prepared without the participation of the black and Puerto Rican communities, the mayor did not give his planner permission even to speak to those community groups.

Part three is a matter of the result of the displacement and housing relocation. At present there is not any mechanism to coordinate the various federally assisted programs and their effects on housing. The workable program of the U.S. Department of Housing and Urban Development is totally ineffective in regulating displacement in housing resources for displacees.

This is so first, because HUD fails to enforce the legal requirements enacted by Congress for a workable program with respect to housing for displaced persons.

And second, because HUD has no control over displacement caused by programs assisted by the U.S. Department of Transportation.

It must also be noted that the multiplicity of stages in the urban renewal process under title I confuses and clouds the relocation resources question. We have found that HUD requires a 100-percent survey of an urban renewal area to have some clear understanding of who are going to be displaced and what kinds of resources are going to be available in the community in the city. We have found that these surveys are 3 years prior to the execution of a project.

So a 100-percent survey of a community today is not a 100-percent survey of a community 3 years from now when people are being dislocated, when they are being moved out of their homes. Once that survey comes into a community, it warns some families that it is time to move, and the whites find their excuse to move out immediately, and then to rent the property to blacks and Puerto Ricans without doing repairs. It warns housing inspectors to be lax in the enforcement of codes in the city.

This is seen in our city time and time again. The chief housing inspector in our city said "We cannot go to that urban renewal project even to inspect the acquired properties. We do not have the staff to do it, and there is no sense forcing the landlords to fix it up because it is only going to be demolished in a year or two anyway."

The resident turnover in 3 years is great and a totally inaccurate view of the needs and resources is the result. This is the case with respect to the Northgate II project in Camden, and this is true also in all other projects that we have seen. Urban renewal does not take

into account what a highway does in the same city. The urban renewal project was OK'd by HUD and then the highway department came in and this caused displacement of 1,000 families, totally disrupted the finding of houses in the city.

We reached the saturation point where families could not find decent, safe, sanitary houses, and the urban renewal relocation office could not move them.

No. 4. This is by title. We think that HUD ought to be the one to administer this last proposal of point three. Let us at least get it centralized so we know who in the world we have to fight if there are goofs.

No. 5. The property adjacent to a redevelopment project is sometimes an extremely important issue. Small businesses and neighbors next to a highway development face serious problems, and we feel that there should be—should be relocation offered to these families if they want it.

The rubric under the present bill 698 is a "may" rubric. We would like to see that changed to a "shall" rubric. The offer will be there and the option will be left with the people rather than with the head of the agency.

No. 6. In this part of our statement, our concern is for this matter of present and future displacement in relocation resulting from these programs, and it begins on page 13 with our testimony relative to it. This proposal is specifically designed to place responsibility for displacement in housing resources in one official, the Secretary of Housing and Urban Development; to provide an effective mechanism for enforcement of the legislative requirements of this act; and to insure coordination of all Federal programs displacing individuals and families.

As already indicated, there presently is no effective coordination in either the planning or the execution stages of governmental actions which cause displacement and decrease the supply of low-income housing. Neither HUD nor DOT can effectively control displacement caused by federally assisted highway construction, since both Departments lack the power to cut off Federal assistance for highway construction on the grounds of lack of replacement housing.

The U.S. Department of Transportation is powerless under present Federal law, since highway departments are required to render only relocation advisory assistance. The New Jersey Department of Transportation is using Federal funds and did contract with the Camden Housing Authority to relocate some families, but the guidelines for the referral and services have been unclear.

We think that relocation offered by highway departments should have the initiative in the highway department to seek out the families. What is done in New Jersey, at least, is that letters are sent to the owners and to the tenants saying that the relocation assistance is available and if the family takes advantage of this, they are shown the local newspaper which they can read for themselves.

As I pointed out, agencies. We think the initiative should remain with the Department of Transportation to go from door to door in the service, not to set up a referral agency. The poor have agency fatigue. They are referred to death from welfare department to welfare department, from job placement to job placement, from training pro-

gram to training program. And here comes another referral agency sponsored by the Federal Government on a matter of relocation, which seriously affects their lives. The letters that were sent out were not sent out in Spanish. The Puerto Rican neighbors had no idea what was happening.

We feel that the psychological problems, that the malaise of poverty are serious enough that the Federal Government should use their resources and have the initiative to assist families in relocation.

Only one out of six people were referred—displaced by the highway—were referred for relocation assistance. This is bad news. One family who owned their own house, an elderly couple, bought it back in the 1920's, they wanted to die in that house. A woman had a leg taken off. She could not hear, she could not see. She knew where to go in that house. The highway department came along and said you have got to move. We are going to take over your house. You can get another mortgage. They ended up in an apartment building out in the suburbs where they did not want to be. This woman died a week later after moving. She was heartsick over this house. She wanted to die in it, but because of the need for a highway, Highway 76, with two exits in our city—that is all it is going to bring to us—two exits—and we have to have families separated, people moved, people offered faulty prices for their houses; and this we have documented in that large book that we sent to you back in February.

The bill before this committee goes part way to resolve the problem of bringing highway construction under Federal requirements to relocate highway displacees. The only time we have seen coordination is when we raised "sand" in the city of Camden over the past 3 weeks. When we picketed, when we marched, when we moved a family out of an urban renewal development and put them in a hotel, when a lobby of a luxury apartment was damaged, then man, we saw action.

HUD came in, started making recommendations, the Department of Transportation said we will not move any more people. We will hold it up for a month. We see now the Justice Department coming to Camden. We see community affairs from New Jersey coming through Camden. Health, Education, and Welfare coming into Camden. All because of things happening. But we had to go to the streets to produce that kind of result. We screamed this way until ultimately, legitimately, and in print with the pen and mimeograph machines in January of 1967 and before that, but only when we demonstrated, could it be demonstrated the Federal Government can move.

We saw redtape cut these past 3 weeks. Programs that the city has not even applied for are now funded—in 3 week's time. Now, how come? How come, when we raised "sand," we get these things done?

We believe that the Federal Government can do almost anything it wants to do, but does it always want to do it? The Department can do anything they want to do, but they do not want to do it. Camden is one of the fortunate cities. No rioting. We have not had one. We do not want one. But there are some people who could go through that change if that is what it needs to bring the Government to heel a little bit to the people and their needs.

Congress has to mandate this coordination. We should not have to go to the changes we went through to produce a mandate of coordina-

tion between highway departments, HUD, the Justice Department, and the rest of them.

To finish up—because you can read the rest of this testimony—during the past 5 years the fight in Camden to represent the poor has been met with derisive comments. The power structure has steadfastly maintained that the progress they planned must be obtained even at the expense of human beings. We do not believe that progress can be obtained at the expense of people. To trample all over and to destroy people is not progress.

Today we have asked you and this Nation to do some very difficult things. Pay attention to what the people are saying, pay attention to what those who are being displaced have to go through. They are suffering badly because of your programs. There are powerful economic interests alined against these proposals. The head of the housing authority in the city of Camden is a man named McComb, no big name here, but it is a big name back home, because he is the head of the Central Labor Union. So he heads up the housing authority and the Central Labor Union. We know where the contracts are going to go for urban renewal. They are going to go with the companies that his union are in. We cannot get this man off that housing authority. We have got two to resign this past week. The Governor changed one of his appointments for us, the city council is supporting our request to get rid of the other two. We would like to see the Federal Government maybe getting involved with the support of black construction companies, black labor unions. We would like to see black architects plan the poverty areas, because black people know what is happening. They know what is happening in their communities.

The problem of urban renewal is that those who do not live there are planning it, are executing it, and are making the money at it.

The talk in the inner city is either they stop doing this stuff or we will stop them our own way.

Either urban renewal comes our way or it does not come at all. We of the inner city do not trust urban renewal. We do not trust it because we have never been allowed to participate in it. We do not trust it because we have seen it destroy people. We do not believe that you have a workable program. We do not believe that HUD enforces workable programs. We know it, because we have seen it in action. Across this country in Harlem, in Bedford-Stuyvesant, in Watts, South Philadelphia, and North Camden, people are willing to say and to back it up, "No renewal unless we do it."

We believe that the Government must act to help all the people—all of them to live better and more meaningful lives in our complex urban society. The Government is acting without the advice and consent of the poor, and without the advice and consent of those who are suffering because of their programs. The America of the poor is disenfranchised from our voice even in the advisory capacity, let alone in the dicisionmaking capacity. The distance between this disenfranchisement and disenchantment is now indistinguishable. We of the inner city, white, blacks, Puerto Ricans, Mexican Americans, Indians—we need homes. We want to build. We want to build now. Set us free and include us in on all of this.

We are getting some of our problems solved in Camden, but we have had to raise sand. We can get a lot more accomplished, though,

if you the Congress start acting. This is a matter of survival to us and this is exactly what it is—the need to survive. The days of reminiscing for us are over. We can no longer talk about the old days. We cannot hold cocktail parties and card parties. We are trying to make it. We need a new module. We need a new value system, a new survival kit. We want the option of living in the city or moving out. Some of us love city life and we want to stay, and we want it right. At best, all of us are strangers in this land, and at least help us live in safe, decent, sanitary houses.

We have come to help you straighten out your programs. You are kind of messed up.

Mr. Sharp?

STATEMENT OF CHARLES SHARP, CHAIRMAN, BLACK PEOPLES' UNION MOVEMENT

Mr. SHARP. Thank you.

My name is Charles Sharp, chairman of the Black People's Union Movement in the city of Camden, N.J.

The purpose of this organization is to see that black people receive adequate representation, something in which we black people in the city of Camden have not received on all levels. Educationally we do not get representation, economically we do not have representation, politically we do not have representation. About this urban renewal—needless to say, there is no representation.

Urban renewal is a big problem in the city of Camden, N.J. Needless to say, it is a problem all over America, maybe because it deals with black people. The removal of black people. But I have to confine my comments to the city of Camden, because that is where I am from—my roots are there. And we, the black people of the city of Camden have been pushed into a pocket, a pocket that is filled with disease. It is a cancer and it is eating at us and it is going to destroy us unless we, the black people take the necessary steps to alleviate this problem or to alleviate this disease.

We want to live. We have a need to live. We want to raise families. We want to educate our children. We want to be able to, on a sunny day, sit out in the park and enjoy the sunshine, the flowers. How can we do this in a white power structure in the city, in the state. And the national Government refuses to hear the plea of the black man; and by now, giving us some sort of attention, you are forcing the black man to do the only thing that is left to do, and that is to go into the streets and fight. Either free himself or kill himself.

You, the Senator, this committee, these committees—you have a chance to free yourself as well as free black people. And the only way that you can do that is to pass the laws that you can pass. You wrote up this bill which you had to have a vote in which to pass it, and it was passed. But you will not write up a bill and have it voted upon so that it will be a workable bill. This is not workable. I do not understand the legality or the technicalities of this bill. All I know is that black people are suffering; for instance, the Shields family—Mr. and Mrs. Shields, who lived in the city of Camden, who were asked to move from their home because the highway was coming through. They moved from one location to another location—from one dilapidated building

to another dilapidated building with 10 little black babies who were innocent, who were unware of where they were going, or what was happening. We heard of this family and we knocked on their door one Wednesday night; and we went into their home, which was supposed to be a home—it is a hole in the wall. The electric was bad. The gas was bad. The children were crowded into one room. Roaches were from wall to wall. Rats were running around like fish in a pond. This was the home that they had been relocated into by the white power structure, because who was relocating them? The white power structure. We took it upon ourselves to remove this family from that house and put them into one of the city's hotels—the Walt Whitman until we could send the bill to the city. It was from the movement of that family that created the chain of events which evidentally led to this meeting today. It is too bad that the Shields' had to be sacrificed, but they were sacrificial lambs. They sacrificed themselves. The children do not know it, perhaps 10 years from now their mother will explain it to them, or perhaps they should read it in a book if you should write a book about the city of Camden.

But before the Shields' could get a home the black people in the city of Camden, along with some white people in the city of Camden had to march down to Northgate One which is a luxury apartment, which is half empty. And it was then and only then, that the Shields' received a home. They were given a choice of three homes, and they accepted one in the section of the city called East Camden. They were to move in this house on Monday morning, but the white racist society that lived in East Camden burned their house down. They burned it down. So we had to go back into the streets and demand that the Shields' receive a home. This time a very beautiful and a very livable home was found for the Shields' and now they are stationed in a home.

About Northgate One, the land which this building was built on was also the land of the poor, the poor people who have to move from their homes in order that this luxurious apartment built for white people, because black poor people cannot afford to pay one hundred some odd dollars a month for apartments. There are people in my city that are struggling to pay $40 a month for rent.

I do not really know what I can say to you because all the things that I have said have been said many times before by me, by the Reverend Dr. Martin Luther King and by all of the black leaders who are fighting for freedom, justice and equality for black people, even for poor people.

You may be wondering why I use the term "black people" so much. It is because I am a black man and I am concerned about black people. I am very concerned about my people and my people must be free, and you are the ones that can lead them to the road of freedom, because if you as a race of people here in America ever hope to remain free, you must in turn free the Nation's people that are not free. We are not free. We have never been free here in America. We have been slaves and we worked and you did not pay us. We prayed to you and you did not hear our prayers. We begged you and you did not answer. We have fought for you and you ignored us. Now you leave us no alternative but to fight you. We have to fight you, come what may, because we are determined as a people to free ourselves because we know what we

can do. We want to create like the white race created, because we are creative people.

We do not just want to be the bricklayer, we want to be the designer of the building, the architect.

We do not just want to be the pilot of the plane, we want to be the designer of the plane.

Do you understand what I am trying to say? These are the things that we feel. These are the things that we know that we must have to do. We have to do these things We have to establish our identity. We have to regain back our culture. We have to get our stolen heritage.

These things have been denied us too long as a people and we are hungry. We are starving. We are crying inside and white America refuses to hear us. She only hears us when she gives us a demand and we reply. But when we give white America a plan, a demand, we are shot down, like the Reverend Martin Luther King.

He was a great man. He was a man the white people should have listened to, but he was shot down with a bullet from the white racist society. It was not only one white man that pulled that trigger; it was all white men, because all white men are part of the white racist society.

You were born into it. Your foreparents were the seed, were the bearer of the racism that has embraced America and the world over. You are making black people the victims of your ignorance, of your stupidity. And we have done nothing. We have done nothing and yet we receive nothing.

Senator, I am not a begging man because I believe in fighting for what I want. I am like any other human being. I have fears and I want to live, but I will die for what I believe in. I will die for the liberation of black people. But you can save my life as well as 22 million black lives. Pass this bill.

Take the old bill and tear it up, write a new one. Use your power and your influence along with your colleagues and make this Federal Government, the city government, the State government enforce these bills and see how the black man, once he is given the chance, can come and be a credit and helpful to America. Because we are nothing to ourselves and needless to say, we are less than that to you, because you do not consider us to be men.

Most of you consider us to be less than human, an animal. They say we are apes, monkeys, but I know that I am as great as any white man that ever lived, any white man that will ever live. I know my brothers are just as great. And needless to say about my black sisters—they are also great.

But they want to contribute; if not contribute to white society, then allow them the opportunity to contribute to a black society, because we were once creators. We come from a very lucrative and creative land. We come from the land of Pharaohs, the sphinx, the pyramids. These were our forefathers. But you do not tell us that. We know they were our forefathers and they were great men. They have achieved great deeds which no civilization has been able to surpass.

We are offspring of these people and we want to be able to create the work which they created. The only way they can do it is that white America has to give us the opportunity—give us the opportunity, because if we go one step, white America goes two steps. She cannot be a loser. She is a winner.

As long as she refuses to harken to the supplication of the black man, she is a loser; she is done. She is the city of Babylon they speak of in the Bible and the cities of Babylon will fall and America will fall unless she takes heed of the black man's plea.

Thank you.

Senator MUSKIE. Thank you, Mr. Sharp.

Thank you, Father Griesmann. May I say, this legislation has been developed in the past 2 or 3 years for the purpose of trying to deal with one area of injustice. It is not perfect legislation, but I think it has much in it to commend it. We will give serious consideration to the suggestions made by you, Father, this morning as we shape the legislation.

We have known, of course, over the years that we have worked on this legislation, of the injustices that have been created under the programs of urban renewal, highway construction, and so on. The Senate passed this bill in the last Congress, but we did so without a record that was what I thought adequate of the injustices with which the bill was intended to deal. We had your report on the stituation in Camden. It was in our file. But we thought we ought to have public hearings in order that these injustices might be exposed to more complete public view.

That is why, Mr. Sharp, we invited you to be here this morning. We did not need this public hearing to be aware ourselves of the situations which encumber you and your people. We needed the public hearing in order that others may be aware of them.

Your full report which Father Griesmann has submitted to the record is part of our files. It is available for public view.

I do not know to what extent we ought to get into further details, Father, this morning. I think there ought to be included in the record and we will included in the record without objection tables showing the schedule of families which have been displaced in Camden by governmental action over a 5-year period ending December 31, 1967; another table showing those families to be displaced by governmental action in the next 5 years; another table which is a review of the available housing in Camden and the physical conditions of houses in Camden; another table showing a schedule of houses planned for Camden in the immediate future.

With that conclusion, this statistical information fully documents the story you have told us in more human terms here this morning. Some people are more impressed by statistics than by rhetoric, so the statistics will be included in the record.

(The tables referred to follow:)

TABLE A.—*Schedule of families displaced by governmental action in the 5-year period ending Dec. 31, 1967* [1]

North-South Freeway (Federal assisted highway)	At least 963 families and as many as 1,200.
Code Enforcement	At least 625 families and as many as 800.

[1] The statistics in this table are based on information provided in Camden's last two Workable Programs and on information provided by City officials.

(This figure is based on information provided by the Chief Housing Inspector of the City of Camden. He has indicated that his department has displaced approximately 125 families per year for the last several years. In April his department was operating at about a 25% increase over last year's rate of inspections due to the pressures for code enforcement generated by the grass roots. This was before the City of Camden received a grant of $300,000 from the Department of Housing and Urban Development for 18 new housing inspectors and before the enactment of a new, more stringent property maintenance code. The inspectors completed their training in September. An increase in displacement rate can be expected for the remainder of 1967 and 1968. These figures for code enforcement do not include displacement occurring as a consequence of action taken by the Department of Health, the Building Inspector, and for Fire Marshal, all of whom have the authority to declare property unfit for human habitation.)

Camden Campus Area	71 families.
Bergen Square No. 1	30 families.
Cooper's Point No. 1	41 families.
Northgate No. 2	375 families.
Lanning Square No. 1	80 families.
Centerville Liberty Park 1	80 families.
City Centre-Route 150	52 families.
Northshore	Estimate 36 families in 1967. 1967–68 total 72 families.
Public Housing Turnover	320 families.

(This figure is based on a turnover of 60 families for each of the following years—1964, 1965, 1966 and a turnover of 200 families for 1967.)

Low total	2,673
High total	3,085

TABLE B.—*Schedule of families to be displaced by governmental action in the 5-year period ending Dec. 31, 1972* [2]

North-South Freeway	300 families.
Industrial Highway	Approximately 300 families.
Urban Renewal in Bergen-Lanning Square Area	Approximately 700 families.
Pyne Point, Cooper's Point and Center City	No estimate.

[2] The statistics in this table are based on information provided in Camden's last two Workable Programs, Camden's Comprehensive Plan prepared in 1962, and on information provided by City officials.

(The City of Camden has just received a planning and survey grant from the Dept. of Housing and Urban Development to do a study in one section of the Bergen-Lanning Square Area. The study is to cover from Fifth Street to Sixth Street and from Mickle Street to Atlantic Avenue. At this time, according to the plans included in the GNRP for the Bergen-Lanning Square Area, the City hopes to tear down all but 12 existing buildings in this strip and construct middle income apartment housing.)

Northshore	36 families.
Code Enforcement	1,000 families.

(This estimate is based on 200 families for the next five years. It is probably a conservative estimate since it is less than twice the figure for the preceding five years although there will be three times as many inspectors for at least the next three years. Strong enforcement of the property maintenance code

could result in much greater displacement. The Chief Housing Inspector estimates that at least 50% of the housing in Camden does not meet major requirements of Camden's Property Maintenance Code. According to the Comprehensive Plan for Camden, prepared in 1962, 64.7% of Camden's housing was then dilapidated, or seriously deteriorated or deteriorating or obsolete. According to the 1960 census, one-third of Camden's housing was over sixty years old, and two-thirds over forty years old. It should also be noted that the rate of property owners abandoning their property is very high in Camden. This year over 1200 properties appeared on the City's Tax Sale List.)

Public Housing Turnover	200–500.
Low total	2,536-plus families.
High total	2,836-plus families.

TABLE C.—*Review of housing in Camden*

I. *Physical Condition of Houses in Camden*

Housing 60 years old or more in 1960	32%.
Housing 40 years old or more in 1960	67%.
Housing less than 20 years old in 1960	18%.
Housing dilapidated, seriously deteriorated, deteriorating or obsolete in 1962.	64.7%.

A survey conducted in December, 1966 by staff members of the Camden Episcopal Community Center for the Camden Civil Rights-Ministerium-Neighborhood Groups Coalition revealed in one 19 by 7 block area in Central Camden bounded by Kaighns Avenue on the South, Mickel Street on the north, Second Street on the west, and Broadway on the east, over 300 vacant and/or abandoned properties.

A survey conducted in 1966 by the Rev. Richard Whitham of the Camden Metropolitan Ministry covering the North Camden area of Camden excluding that section of North Camden to be included in urban renewal project Northgate II, revealed 100 vacant and/or abandoned properties in that area.

The City Tax Sale List for delinquent property owners included over 1,200 properties this year.

II. *Goals of the Comprehensive Plan 1962*

Housing which should be constructed during first five years of Plan.	3,500 units (700 units per year).
Housing which should be constructed during the second five years of plan.	5,000 units (1,000 units per year).

III. *Housing Constructed in Camden, 1963 to Present*

1963 ---------- 34 units.

(This includes two apartment buildings providing a total of 8 units and single family dwellings providing 26 units.)

1964 ---------- 214 units.

(This includes 8 apartment buildings providing a total of 121 units, single family dwelling providing a total of 3 units, and John F. Kennedy Towers, a Public Housing Authority Project for the elderly providing 90 units.)

1965 ---------- 30 units.

(This includes two garden type apartment buildings providing 28 units and single family dwellings providing a total of 2 units).

1966 ---------- 336 units.

(This includes three apartment buildings providing 29 units, single family dwelling units providing a total of 3 units, and garden type apartments providing a total of 304 units).

1967 ---------- 347 units.

(This figure does not mean that all these units are built, but rather indicates the total number of units for which permits have been obtained from the Camden

City Building Inspector's Office. This included single family dwelling units providing a total of 2 units and garden type apartments providing a total of 345 units.)

Total of Low Income Housing Units	90 units.
Total of Middle Income Housing Units	871 units.
Total Number of Housing Units, 1963 to present	961 units.

IV. *Schedule of housing planned for Camden in the immediate future.*

Three rent supplement programs sponsored by three church groups. (Participation by 1 of the church groups is in doubt.)	At most 180 units.
Housing for the elderly sponsored by a fourth religious group.	Approx. 200 units.
Centerville Urban Renewal Project	425 units of sale housing priced at $12,000 per house. Each house shall have a carrying charge of $100/mo.
Centerville 221(d)3 project (This project is not a certainty.)	82 units.
Northgate No. II Urban Renewal Project	200 units-high rise project-150 apartments and 50 townhouses. (Upper income housing.)
City Centre Project-Urban Renewal	An unknown quantity of housing whose character in doubt; the best guess is that the housing will be upper, middle and low income.
City Within a City Project (This project is presently in grave doubt because of the financial problems of Mr. J. Wolman, owner of Philadelphia Eagles football club.)	Approx. 4000 units of middle and upper income housing.
CHIP (CHIP, the Camden Housing Improvement Project, is the work of several business and industries in Camden including Campbell Soup, Camden Trust, First Camden National Bank & Trust Co., R.C.A. and others. It was formed in response to pressure generated at the grass roots level for action on the low-income housing crisis. CHIP is at a turning point. These 6 houses are its pilot project. If it succeeds, they hope to rehabilitate at least 100 houses a year.)	6 houses to be rehabilitated, for low income sale housing with a hoped for carrying charge of $60/month.
Inter-Faith-Inter-Racial Council of Churches	35 houses to be rehabilitated for sale housing-low income.
Public Housing (This is a second project for the elderly and should be completed by 1969.)	100 units.
Total of Low Income Housing Units	521 units including 300 for the elderly.
Total of Housing Units for Middle and Upper Income Families. (This assumes that Jerry Wolman's "City Within A City" is constructed.)	4,707 units.

Total of Housing units for middle and upper income families if "City Within A City" is not constructed.	707 units plus what private construction not now known is built.
Total Housing For Immediate Future	Between 1,228 units and 5,228 units.

Senator MUSKIE. In addition, there will be included in the record a letter dated July 18, 1967, to Secretary Weaver and Secretary Boyd, further documenting the situation in Camden.

(The document referred to follows:)

CAMDEN, N.J., *July 18, 1967.*

MR. ROBERT WEAVER,
Secretary of the Department of Housing and Urban Development,
Washington, D.C.

DEAR MR. WEAVER: In mid-February of this year the Camden Civil Rights-Ministerium-Neighborhood Groups Coalition wrote to President Johnson.

That letter (a copy of which is included) raised several crucial points relating to Camden's Workable Program required by the Department of Housing and Urban Development *and* problems created by federally assisted highway construction. The problems presented were: (1) failure of the Camden City Government to permit and provide an opportunity for grass roots participation on the Citizens Advisory Committee; (2) no statistical breakdown in the Workable Program by races of individuals and families displaced by governmental action; (3) a severe shortage of decent low income housing in Camden to shelter the low-income families who comprise a majority of the residents being forced to relocate due to urban renewal, highway construction, and code enforcement; (4) the failure of the New Jersey State Highway Department to provide meaningful relocation assistance for persons displaced by highway construction; and (5) the need for federal legislation and/or executive action to impose relocation standards for highway construction programs financed in whole or in part with federal funds similar to those enforced in urban renewal programs.

In April, representatives of the Department of Housing and Urban Development, the Camden City Government, and the Coalition met in Camden. In his report of May 17, 1967, to Senator Case, Assistant Secretary Hummel stated that: " a more effective Citizens Advisory Committee is needed and in response to our request the Mayor has reactivated the Camden Neighborhood Conservation and Rehabilitation Committee and has expanded its membership to include civil rights groups, civic associations, and neighborhood groups." Unfortunately, the Mayor's appointments to this committee have generally failed to give recognition to the leading members of the coalition who have been spearheading the struggle to help the deprived and the discriminated against. As of today the Mayor of Camden has failed to respond positively to the continuing requests of two neighborhood groups for grass roots participation on the Citizens Advisory Committee. To the contrary, the Mayor and the Business Administrator have said "No" to such requests at meetings with them. One group, the Neighbors for Community Action, has been instrumental in forcing the city to increase recreational facilities in their neighborhood and to take action against property owners who have "abandoned" their property. They are involved in community projects such as outings to Atlantic City. Next month they are taking over 300 youngsters to see a Philadelphia Phillies ballgame. The second group, the Camden Citizens For Action, is a community group in the adjoining neighborhood to that of the Neighbors for Community Action. It has been instrumental in forcing the city to take action against derelict landlords and in the formation of the Landlord-Tenant Association, a body which seeks to bring landlords and tenants to the same table to work together. This Association has received the editorial support of Camden's main newspaper, the Courier-Post, and the Association is beginning to have meaningful results in obtaining real cooperation to the benefit of tenants and landlords.

These two neighborhood groups are examples of real efforts by low-income people, who are also members of minority groups, to try to help themselves. These people are playing a significant role in their community and would deserve representation on the Citizens Advisory Committee even if the Workable Program did not require representation for such groups.

We wish to make it clear that we do not believe that these are the only two groups which should be represented on the committee. New groups are being formed as offsprings of the activities of these two groups and in the future if they start to mature, they too will deserve recognition. In addition, there may presently be in this city other neighborhood groups which should be involved on the Citizens Advisory Committee.

The significance and importance of representation for the grass roots is seen in the riots and violence of recent days in North Jersey. Lack of meaningful direct lines of communication between the poor and the city government helped cause Newark's explosion. Tensions are increasing in Camden. The frustrations, misunderstandings, and sense of alienation felt by the poor can only be eased by direct and responsive communication between the Mayor of Camden and the poor.

We believe Mr. Hummel has been misled to believe that the Neighborhood Conservation and Rehabilitation Committee has expanded its membership to include "civic associations and neighborhood groups." From our examination of the list of persons appointed to the Committee, only one, Mr. Charles Barberito of the Pyne Point Association in North Camden, can be said to represent a civic association or a neighborhood group.

Mr. Hummel states: "There will also be a minority group subcommittee. We have asked that this organization be active before we consider recertification of the Workable Program." Although Camden's Workable Program has been recertified, no "minority group subcommittee" has been formed as part of the Citizens Advisory Committee.

Lastly, with respect to the issue of the Citizens Advisory Committee, we wish to point out that although the Camden Metropolitan Ministry, the Camden Christian Center, the Methodist Deaconess Community Center, the Neighborhood Apostolate, and the Camden Episcopal Community Center have played a leading role along with the civil rights and neighborhood groups in the coalition to help the poor, no members of the clergy who have been active in this fight have been appointed to the Citzens Advisory Committee. This is so even though all these churches and centers are not only expressing great concern about the actions of the city, state, and federal government which may be detrimental to the welfare of the people living in Camden, but when these churches and centers all assume important roles in the lives of the community they serve by providing recreation for youngsters, counseling services, English, Spanish, and Typing classes, services for the aged and a myriad of other social services.

We believe that if the Camden Citizens Advisory Committee is to be a truly effective and meaningful body, it must contain as members the civil rights leaders, the grass roots people through their neighborhood groups, and the clergy, who have been and are activists in the struggle to help the poor and the discriminated against.

While pleased that the Department of Housing and Urban Development is requiring Camden to provide a statistical breakdown by race of persons displaced and to be displaced by governmental action, we are unaware of any concrete steps which have been taken or will be taken to secure such a statistical breakdown. We wish to be informed as to what has already been done and what will be done in the future to obtain this information.

We are extremely dissatisfied that your Department has not demanded that Camden make low-income housing the number one priority of Camden's Workable Program, ahead of transportation and commercial redevelopment. The desperate need for low income housing is seen not only in the deteriorating conditions of the ghettos, but in Parkside, a moderate income, predominantly Negro section of Camden. People living in Parkside are being forced to subdivide their apartments and houses in order to house relatives and friends from the ghetto areas who are being displaced by urban renewal programs, highway construction and code enforcement. Slumlords are beginning to operate in this area. If this process continues, and it will have to unless Camden obtains a sudden infusion of decent low income housing, this residential area of Camden will become a slum and if it becomes a slum, it will help to perpetuate the myth that Negroes and Puerto Ricans create ghettos. This can only provide fuel for the fires of a white power structure which is basically both racially prejudiced and unsympathetic to the human needs of people who have been "punished" in the past because of the color of their skin and who are presently being both "punished" and "pushed" around as a consequence of governmental action. The federal government *must* require the city government and the Camden

Public Housing Authority to act immediately in the area of low income housing, for even if all urban renewal and highway construction and code enforcement were to stop today, there would be a desperate shortage of decent low income housing here.

Nothing better illustrates the desperate need for decent, safe housing for the poor in Camden than the following two exchanges, the first between the Chairman of Camden CORE and Camden's Chief Housing Inspector in the June 3 edition of the Courier-Post and the second between a civil rights worker and Camden's Chief Housing Inspector in the evening edition of the June 2nd Courier-Post.

1. Ronald Evans * * * told Paglione many families "have six, seven, or eight people in an apartment."

"They will have to go," Paglione said, "but if the landlord chooses to close down his properties rather than make necessary repairs, you know these people will be out of homes."

2. "Do you mean to say that a lack of fire extinguishers, fire escapes, and only one exit in a three story building doesn't constitute an emergency?" Grayson asked.

"If I prosecuted (every) house in Camden that lacks a fire escape I'd close half the buildings in the city down," Paglione replied.

The occasion of these exchanges was the picketing of City Hall on June 2 by tenants of one family which owns approximately thirty of Camden's multiple dwelling slum buildings. Conditions in these buildings include a lack of fire escapes, fire doors, fire-fighting equipment, the presence of rats, roaches, and insects, exposed electrical wires, and human waste in backed-up toilets and bathtubs.

The tools with which to start to alleviate the housing problems of Camden are available. At present according to city officials at least 150 homes owned by the City can be rehabilitated within a month or two and put on the rehabilitated low-income housing market. There are literally hundreds of privately owned homes presently vacant which can be rehabilitated if proper initiative comes from the federal government, the state government, the city government, the home owners, business, industry, labor nonprofit groups, and the poor. Over 200 of these privately owned properties were identified in a survey of one 19 by 7 block area in Central Camden presented to the city government in January by the Coalition. (Not all the houses on the list are rehabitable. The recent grant by your Department of funds to demolish properties in Camden was a direct response to this survey). The Camden Housing Authority has demonstrated a pungent distaste for using the authority it has to rehabilitate 100 houses.

The interrelationship between representation of the poor on the Citizens Advisory Committee and the housing crisis here can be clearly seen. Until we wrote President Johnson in February, the Citizens Advisory Committee was composed solely of businessmen-representatives from the Greater Camden Movement. These people who with only two exceptions live outside of Camden, and most of whom work outside of Camden, are aware of Camden's business and industrial needs, but they are completely unaware of just what conditions the poor are forced to live in. Now the Citizens Advisory Committee includes civil rights representatives on the Neighborhood Conservation and Rehabilitation Committee. However, the Citizens Advisory Committee consists of two committees which meet separately and never intermingle to exchange ideas. It is critical if Camden is to be rebuilt that industry and business understand the problems of the poor and financially contribute to their solution. They can only do this by meeting with and listening to just what the poor have to say. Therefore, the Neighborhood Conservation and Rehabilitation Committee needs to be expanded to include not only the grass roots people, but provisions must be made for the poor to be able to work directly with business to try to develop constructive approaches to the problems of the ghetto. In the long run, such intercourse could lead to better undestanding of the particular problems of both sides, and hopefully, to cooperative efforts by all elements in the community to provide more low-income housing for the poor.

In his letter of the 17th Mr. Hummel states: "We stand ready to assist in any way we can." The Department of Housing and Urban Development can only assist the people of Camden by forcing the Camden City Government to make low income housing the number one priority of Camden's Workable Program. Camden must immediately rehabilitate the 150 or more houses it owns and the

Camden Public Housing Authority must use the authority it has to immediately rehabilitate at least 100 houses which are presently privately owned. The new Property Maintenance Code passed by the Camden City Council contains provisions which would facilitate the rehabilitation of privately owned property. The City must be forced to use the provisions to meet the housing needs of Camden. A city cannot tear down thousands of houses in three or four years without building replacement housing and maintain that no housing crisis exists. Your Department can help by bringing together representatives from the city government, the State government and federal government, grass roots people, civil rights leaders, clergy, business, industry, and labor to map out a plan to provide Camden with the low income housing it needs.

Mr. Hummel states: "The City is taking measures to increase the supply of standard housing for low and moderate income families." Except for housing for the aged, we are unaware of these measures and would like to be informed just what they are. Low income housing must be provided for the generation presently leaving school if Camden is to stem the flow of young people from this city.

We would also like to point out to Mr. Hummel that while there may be "an increased use by the New Jersey Highway Department of the services offered by the Urban Renewal Division in Camden," we believe that overall no more than 5% of the people displaced by highway construction in Camden are being presently referred to Urban Renewal.

In his report Mr. Hummel states: "The Urban Renewal Division has been reasonably successful in relocating families displaced under its programs and those referred to it by the Highway Department." We believe that recent events make a complete and exhaustive investigation of its activities, procedures, and resources in Camden mandatory.

In order to fully understand the relocation crisis in Camden one must understand the relationship between the City Department of Welfare and the Urban Renewal Relocation Office of the Camden Public Housing Authority. The City of Camden has a contractural relationship with Urban Renewal for the latter to relocate for a fee of $40 per referral all persons displaced by code enforcement who request such relocation help. First, we charge that Mr. McHugh of the Urban Renewal Relocation Office has knowingly relocated at least one family in a house which was rat-infested, had a leaky roof, faulty electrical circuits, inadequate ventilation, and was full of filth and refuse left by the previous occupants. In addition, this house is in the path of a future highway. Second, we charge that the Urban Renewal Relocation Office has been derelict in fulfilling its obligations. During the week of May 29, 1967, fire broke out in 410 Haddon Avenue. The building was closed to human habitation. On Friday, June 2, 1967, tenants displaced by the fire were referred to Mr. McHugh of the relocation office by the city for immediate relocation. The impression was given the city that these people would be immediately relocated. However, Mr. McHugh when confronted by the tenants told them he could not help them that afternoon, but would meet them at 9:00 A.M. Saturday morning in front of 410. Later that evening the homeless tenants came to us for help. The City Business Administrator was reached and after futile attempts to contact Mr. McHugh, he agreed to put the tenants up at a hotel in the city. Saturday morning Mr. McHugh failed to appear and the tenants remained in the hotel for the whole weekend. Third, we charge that the Camden Urban Renewal Relocation Office functions on a prejudicial basis, constantly insulting through its behavior and by word members of minority groups. Many leaders of the Coalition when trying to obtain help for people displaced by governmental action have been told that these people are dirty, prostitutes, immoral, drunkards, etc. In some cases displacees have been told to their faces that there was no housing immediately available for them, but that there were houses available for "good" and "clean" people. Fourth, we charge that the City Department of Welfare has frustrated displaced tenants in their attempts to obtain relocation aid and has tried to relocate tenants themselves in order to avoid paying the $40.00 referral fee. In Mid-May a mother of a family of eight was refused referral to Urban Renewal by her case worker's supervisor to avoid paying the fee. The same woman was referred by city welfare to a house which has sewer rats roaming the basement. It was only after we contacted the Business Administrator that this family received its proper referral. Fifth, we charge that county and city welfare in trying to themselves relocate families have housed families in indecent, inhuman, and unfit housing. In one case a woman was moved into a house with boarded windows. In a second case, one family was moved into a house which lacked adequate heating, kitchen, and electrical facilities and in which the kitchen ceiling

was falling, bannisters were missing, and the cellar steps were in need of repairing. It is not only these cases which are cause for our concern, but the many, many cases and dozens and hundreds of unknown families who are caught in similar circumstances, who do not come for help or know that there are people who care.

Lastly, no pertinent response has been received from any branch of the federal government concerning our recommendations for federal legislation and/or executive action establishing minimum standards for relocation assistance to be given persons displaced by highway construction financed by the federal government equal to the assistance available to people displaced by urban renewal. (Please see pages 5–11 of the enclosed letter for our discussion of highway relocation problems.) We believe that the problems posed by highway construction today affect the areas of concern of all departments of the Executive Branch of the Federal government and that each department must give careful consideration to the full ramifications of highway construction.

We ask Mr. Secretary that you:

1. Enforce the requirements of the Workable Program so that concerned grass roots people and representatives of the clergy and civil rights groups leading the fight to help the poor be appointed to the Camden Citizens Advisory Committee;

2. Rescind the recertification of Camden's Workable Program because there is no Minority Group subcommittee;

3. Withhold certification of Camden's Workable Program until low income housing is the number one priority of the Workable Program;

4. Indicate what steps have been taken and will be taken in the future to supply a racial breakdown of persons displaced by governmental action;

5. Undertake a complete and exhaustive study of the relocation activities, procedures, and resources of Camden's Urban Renewal Relocation Office.

6. Fulfill your responsibility to point out to the President, to the Congress, and to the members of the President's Cabinet the need for immediate and meaningful action to assist people affected by federally assisted highway construction in cities. This responsibility is clearly pinpointed in the 1966 Congressional Act which established the Department of Transportation:

"The Secretary and the Secretary of Housing and Urban Development shall consult and exchange information regarding their respective transportation policies and activities; carry on joint planning, research and other activities; and coordinate assistance for local transportation projects. They shall jointly study how federal policies and programs can assure that urban transportation systems most effectively serve both national transportation needs and the comprehensively planned development of urban areas. They shall, within one year after the effective date of this Act, and annually thereafter, report to the President for submission to Congress, on their studies and other activities under this subsection, including any legislative recommendations which they determine to be desirable. The Secretary and the Secretary of Housing and Urban Development shall study and report within one year after the effective date of this Act to the President and the Congress on the logical and efficient organization and location of urban mass transportation functions in the Executive Branch." (49 U.S.C.A. § 1653(g) 1966 Cum. Supp.)

Your role is particularly crucial since most often highways constructed in cities affect the poor and members of minority groups. Highways constructed through ghettos bred new ghettos or only worsen conditions in remaining slum neighborhoods because of the paucity of low income housing fit for human habitation. The ramifications of the direct inter-relationship between the housing problems of the poor and highway construction in cities must now be faced by the federal government, state government, and local government. We, therefore, request that you seek the President's support for the proposals outlined on page 6 of our letter to the President.

7. Support the creation of a "Joint Workable Program" to coordinate and cover both urban renewal and federally assisted highway construction programs. Only by having such a "Joint Workable Program" can one realistically hope for coordination of the government's urban activities and enforcement of federal regulations relating to such activities. The direct interrelationship between urban renewal and highway construction must be actually considered in planning.

8. Schedule an appointment for us to meet with you in early September to fully discuss Camden's future and the ideas we have put forward affecting urban development in general.

Sincerely,

Rev. DONALD GRIESMANN.

CAMDEN, N.J., *July 18, 1967.*

MR. ALAN BOYD,
Secretary, Department of Transportation,
Department of Transportation, Washington, D.C.

DEAR MR. BOYD: On February 15, 1967, the Camden Civil Rights-Ministerium Neighborhood Groups Coalition wrote to President Johnson.

In that letter (a copy of which is enclosed) several crucial problems relating to Camden's Workable Program *and* relocation problems created by federally assisted highway construction were raised. Recommendations for legislative and/or executive action were made to the President on page 6 of that letter. We have received no meaningful or significant response on the issues raised concerning Camden's Workable Program. We have received no pertinent response concerning the matters raised about highway construction financed in whole or in part by federal funds and relocation problems caused by such highway consrtuction. Correspondence from the Commerce Department and your Department has failed to deal with the substance of the proposals made.

Pages five to eleven of the enclosed copy of the letter of February 15 point out in detail the problems people in Camden faced due to the construction of two new highways and a connector linking them. These highways cut through low income neighborhoods. They are being constructed without any meaningful attempt on the part of the City of Camden, the State of New Jersey, or the United States Government to provide decent low income housing units for the displacees to move into. Instead of slum conditions being eliminated, new slums are being created. Conditions in what remains of the ghettos are deteriorating rapidly. Overcrowding is a chronic problem. Absentee property owners and speculators are permitting their property to rot.

The effects of the highway construction are being felt throughout the city. In Parkside, a moderate income, predominantly Negro section of Camden families are being forced to subdivide their apartments and houses in order to provide shelter for relatives and friends who are being displaced. If this process continues, and it will have to unless Camden obtains a sudden and substantial infusion of decent low income housing for the bulk of displacement is yet to come, this residential area of Camden will become a slum and if it becomes a slum, it will help to perpetuate the myth that Negroes and Puerto Ricans create ghettos. Conditions such as these reveal the direct inter-relationship between matters of transportation and urban development.

In the legislation which established the Department of Transportation, Congress provided that: "The Secretary and the Secretary of Housing and Urban Development shall consult and exchange information regarding their respective transportation policies and activities; carry on joint planning, research and other activities; and coordinate assistance for local transportation projects. They shall jointly study how federal policies and programs can assure that urban transportation systems most effectively serve both national transportation needs and the comprehensively planned development of urban areas. They shall, within one year after the effective date of this Act, and annually thereafter, report to the President, for submission to the Congress, on their studies and other activities under this subsection, including any legislative recommendations which they determine to be desirable. The Secretary and the Secretary of Housing and Urban Development shall study and report within one year after the effective date of this Act to the President and the Congress on the logical and efficient organization and location of urban mass transportation functions in the Executive Branch." (49 U.S.C.A. § 1653(g) 1966 Cum. Supp.)

The coordination of the activities of your Department in providing means of transportation with the activities of the Department of Housing and Urban Development in attempting to help provide a decent life for all urban dwellers is critical. We do not believe that anyone can gain a complete picture if he looks at matters solely from the perspective of his own Department and particular interest, and therefore, we hope in carrying out the directive of Congress that you and the Secretary of Housing and Urban Development will pool your knowledge and resources to show to each other, the President, the Vice-President, the Cabinet, and the Congress the drastic effects which highway construction has on people's lives, particularly on the urban poor, when needs created or aggravated by highway construction are not met by concomitant action designed to satisfy these needs.

Since writing President Johnson in February, we have become convinced that there is a vital need for a "Joint Workable Program" to coordinate and over both urban renewal and federally assisted highway construction programs. Only by having such a "Joint Workable Program" can one realistically hope for coordination of the governments urban activities and enforcement of federal regulations relating to such activities.

From the broad perspective, we believe that your Department has a critical role to play in determining the future patterns and modes of mobility of all the people living in this country. Consultation with experts in urban planning has made us begin to question whether continued construction of superhighways does provide the solution to the transportation needs of this nation. We are beginning to believe that highways are creating great hardships and anguish for the poor in our cities, and thereby adding to urban deterioration; that they are failing in their purpose to facilitate mobility of people; and that they are helping a significant number of Americans to avoid seeing and contributing to the solution of the deepening crisis in Urban America. The massive traffic-tie-ups which plague every city could be telling us that cars are not the right means to get people to and from work. Highways have also created the anomalous situation in which middle and upper class whites are able to eat and sleep in the suburbs while they return to and depend upon the city for their work and the cultural stimulation provided by museums, the theatre, the night clubs, the movies, the sports events, etc. All these things raise tough questions concerning the future of the car in American society, particularly when we bring into consideration the economic significance of that automotive industry.

We ask Mr. Secretary:

1. That you support the recommendations made on page six of the letter of February 15, 1967, and that you seek the support of the President and the Congress for those proposals.
2. That you support the creation of a "Joint Workable Program" and that you seek the support of the President and the Congress for it.
3. That you schedule an appointment for us to meet with you in early September to discuss the problems of highway relocation and possible alternate means and methods to satisfy the needs of both the people affected by urban redevelopment and the future transportation needs of this country.

Sincerely,

Rev. DONALD GRIESMANN.

Senator MUSKIE. I want to say I appreciate your willingness to come here and talk to us despite the fact that you have been discouraged from talking in the past. We do want to hear this story, we do want it to be part of the record of this committee, and we are desirous of acting upon what you have told us.

Father GRIESMANN. Thank you.

Senator MUSKIE. Senator Baker?

Senator BAKER. I have nothing further to say, Mr. Chairman, except I, too, want to thank you for underscoring in a dramatic way the difficulties that arise from otherwise routine and orderly automatic procedures that require the adjustment of grievances and the alleviation of dislocations that come. I know of these problems from a first hand example of my own state of Tennessee. I feel that we are fortunate in this committee in having a man of the sensitivity of Senator Muskie, our chairman, writing an agenda and preparing these hearings so we may intelligently approach this problem.

I do thank you.

Father GRIESMANN. Thank you, Senator.

Senator MUSKIE. Father, one further thing: I understand that certain agreements with appropriate agencies have been developed as a result of these hearings. Would it be possible for you to submit a

detailed report of those appearances with us so we may take an appraisal of the situation?

Father GRIESMANN. Yes, I have left with you today some of the responses to our grievances and some of the negotiable points we have had. The task force in Camden is still going to town because they have received so much flak from the housing authority, they cannot get into their files and so on. As soon as the task force report is received, I will see to it that a copy of it is forwarded to this committee.

So far, you have everything that HUD has developed with us. I must point out that HUD came up with 13 points which I have filed with you. We were going to meet with the city, with the mayor and the business administrator and the housing authority that attempted to leave us out of the meeting. But they took in the Greater Camden movement, who are our citizens advisory council, and Mr. Becket of HUD, regional officer in charge of the task force, said to us, we are only going to do business with those we contract with. We pointed out that the Greater Camden movement was not one of those they contracted with. Only after 35 people, some of whom are here today, threatened to barge into that room, could we even get in to hear what was going on, let alone offer suggestions.

One of the suggestions offered is now just about a fact accomplished with a relocation review board, a proposal for which is in the report hereto. If we had been left out, we would not have learned what was discussed in that room. HUD's refusal at the regional level to obey the laws and to enforce the laws in the city of Camden and then to allow us into meetings is extremely peculiar to us. I wanted that mentioned, too.

Senator MUSKIE. You may be sure that we will ask for an explanation.

May I say finally that I know many in this room have come here this morning from Camden with you. I am delighted that they have. I hope that they may get some small measure, at least, of reassurance that at least this committee is concerned with this problem and interested in doing something about it.

Thank you, Father.

Father GRIESMANN. Thank you, Senator.

Senator MUSKIE. Thank you, Mr. Sharp. Thank all of you.

The committee will be in brief recess while we await our next witnesses from the Southern Christian Leadership Conference. I understand they will be here in a matter of a very few minutes.

(Short recess.)

Senator MUSKIE. Come to order, please.

Miss Wright, it is a pleasure to welcome you and your group here this morning. This was not a planned part of this hearing, as you know, I thought circumstances seemed to combine to make this highly appropriate. So we realize you do not have prepared statements, but we appreciate your interest in using this opportunity to tell us of some of the things that are on your mind. You may handle it in your own way, identifying each of the people present so that the record will be complete.

TESTIMONY OF MISS MARIAN WRIGHT; ACCOMPANIED BY MRS. LELA MAE BROOKS, SUNFLOWER, MISS.; MRS. BARBARA ARSENAULT, BERKELEY, MICH.; VINCENT NEGRON, BROWNSVILLE, N.Y; GEORGE FRANCIS, PASSAMAQUODDY INDIAN RESERVATION, PERRY, MAINE; AND THOMAS WILLIAMS, JACKSON, MISS.

Miss WRIGHT. Senator Muskie and Senators on the committee, we are very happy for this opportunity to be here before you this morning.

I just want to warn the stenographer that I speak extremely rapidly and at any time she does not get me she should just signal and I shall try to slow down.

My name is Marian Wright. I am from Jackson, Miss. I have been practicing law in Mississippi for 4 years with the Legal Defense Fund of the NAACP. I have with me this morning people who are participating in the Poor People's Campaign. Beginning at my left is Mr. Vinnie Negron from New York City; second from the left is Mrs. Barbara Arsenault, a welfare mother from Berkeley, Mich.; next to me is Mrs. Lela Mae Brooks from Sunflower County, Miss. On my right is Mr. Thomas Williams from Jackson, Miss., a welfare recipient. On my extreme right is Representative George A. Francis from Senator Muskie's State of Maine. He is from Perry, Maine.

All these people, I hope, as soon as I make a general summarizing statement, will speak for approximately 5 to 7 minutes each, depending on how much or what they want to say.

I have not studied your bill, Senator, with a fine tooth comb. I am very happy just to hear the word "coordination" come out again. I commend you for your effort in this direction. There are, however, certain points we want to make to see if we cannot get some consideration by this committee.

Part of the problem in this country is that there are not enough resources put into the causes of the poor. The other half of the problem of dealing with the poor is that those programs that exist are not really reaching the poor.

One in Mississippi and in Alabama and Arkansas and rural Georgia cannot really tell the difference between State and Federal Governments. The sad fact is that in this day, 4½ years after the 1964 Civil Rights Act, and many, many years after decisions requiring equality under the 14th Amendment, the fact is that the Federal Government is still the single largest supporter of segregation and discrimination in this country. And that is a disgrace. It comes from weak, ineffective enforcement of existing laws. It comes from weak, ineffective review of existing programs. And we have to stop pouring money down the same channels which are not solving the problems. I do not know how many years it is going to take us to learn that the old traditional approaches are not doing the job. Yet we persist in putting millions more every year in the same bad programs.

Several things I think need to be done. One of the things that strikes me from a cursory reading of this bill is that there is very little or no provision for citizen participation. I think we have heard in the last couple of years the desire of the people to have some part in the decision making processes of this Government. We cannot talk about

urban renewal in the guise of continuing white metropolitan control of the inner city. People have to have a voice in what happens in their lives. It seems to me basic that there be provisions for public hearings before urban renewal plans are in fact put into force. Before decisions are made that these pople have to move, these people should have a chance to know, discuss, and have the rationale provided by the Federal Government and have some input into the Government decision. I would strongly urge that any law that is passed now that affects residents of the inner city and poor residents include a mechanism where they can have some input about a planned program before it occurs. Now, I don't think that is present in current law.

Second, what is needed and what always amazes me, we complain day after day and year after year about the misappropriation and the malworkings of Federal programs and always we hear from the Federal agencies, there is nothing we can do. That is baloney. We are giving money to employment agencies—100 percent; in welfare, 80 percent, and we can go down the list of grant-in-aid programs. Yet we say there is little we can do to correct corrupt practices to correct what this country does with that money. In fact, the answer of the Federal Government is that our only sanction is the drastic sanction of cutoff and that is such a horribly, politically difficult thing to do, therefore, we cannot do anything. My answer to that is one, I think the Federal Government can use the threat of that sanction more effectively. If they keep using that as an excuse, it seems to me the Congress should come up with a realistic set of intermediate sanctions so if the States are not using the programs in the way they are intended, direct immediate action can be taken. If Sunflower County, Miss. is not using the funds in its program in a way that is commensurate with HEW guidelines, the money should be cutoff. There should be sanctions so that particular people in particular parts of the State are dealt with.

I think we have to look at intermediate sanctions and quick and effective sanctions to insure that Federal programs are going to work the way they are supposed to. I would urge this upon you.

The third thing is that there is very little effective coordination. One of the things I want, I want to see something in this bill about who in fact is going to do the coordination and what kind of uniform considerations and guidelines are there for them to do this coordination. One of the lacks in the Federal Government, I think has been the lack of clear, uniform, regulations and guidelines which the public, poor and rich, have access to. All of us hear about titles, all of us hear about the Federal grants being made, but nobody knows in most of these cities how in fact title I money is being spent.

In Mississippi, I know, because I worked on it, that title I funds are being used to reinforce the dual school system. What is the procedure for doing something about that?

One is if people knew the intent and how the money is being spent, then they could protest. There has to be some provision for publicizing what programs are intended to do. We have not yet worked out an effective mechanism. This has not got to be in a technical legal language. It seems to me we have to know what title I is supposed to do and what Congress wants to do in simple enough language that Mrs. Brooks can read it.

I think people have to know what resources their county is using that is provided by the Federal Government. Somehow we have to provide means for publicizing the intent and substance of programs by the Federal Government.

Fourthly, there has to be a much more effective review system and it seems to me that has to be spelled out, or at least in guidelines. One of the problems is that in the school area, while the Federal Government will promulgate guidelines, it will still go down and negotiate, individual school district by school district, so everybody assumes that all the Federal guidelines are negotiable. In fact, they are. That is what makes poor people mad. Either we are going to have guidelines or we are not—I would urge that there be uniform guidelines that in fact are followed, that enough money be allocated to have the personnel to do that; fifth, that the poor people be involved in the system. It does not do any good for the Federal Government to call up and say we're coming to review your hospital on Tuesday morning at 10 o'clock. When the reviewing team comes, everything will look good and beds will be rearranged.

After the officials leave the beds will be put back and everybody will be back where they were.

It would seem a more effective, sensible review system has to be worked out. It seems one of the ways to do this is to have the poor people who are there on an everyday working basis and see these programs to have roles as evaluators and reviewers. That is not spelled out. I would like to have some consideration of that.

The last thing I think one has to talk about seriously is there has to be some planning on the part of Federal agencies. I am amazed at how we continue using MDTA to train people year after year and having the training geared to jobs that still do not exist. Again, there has to be much better coordination. We keep talking about it. In fact, it is not done. We still have MDTA training too few welders and Ingalls Shipbuilding Co. in the State of Mississippi going out of the State to look for welders. It seems a sensible matter to make this job study before you decide what are you going to train people for. Yet, year after year after year, we pour millions of dollars down the drain to train people for jobs that do not exist. It seems to me that just very basic fundamental coordination programs that we talk about all the time but in fact never occur have to be taken seriously now and something has to be done about it.

The last thing, there simply has to be an end to discrimination in Federal programs. There are almost no black faces in any of the Federal grant-in-aid programs in many of the Southern States. In Mississippi, I can count on the fingers of one hand the number of Negroes in anything other than janitorial positions in the employment security program, for instance, which is 100 percent federally funded, in the welfare department, the—you can just go down the line. This is a disgrace. People wonder why in the world people now protest against the Federal Government. People dread going to these agencies, because they know they are not wanted and they are not going to be helped.

It seems to me the place to start is internally. I would like to see some consideration given to effective enforcement of title VI tomorrow. We all get the story of why the jobless are not helped—agencies

say, I am sorry, we don't have the personnel to do it. Somehow, we are going to have to bring the needs of the poor people together with employment needs and the nondiscrimination requirements of title VI and make it work and make it work soon.

I want to make just one last word, just in a general vein, about the Poor People's Campaign. I think these people will speak for themselves. I know a lot of people have expressed concern. It is an integrated group. They are coming here in nonviolence and it amazes me that people still can come to the Congress to ask you to do what you persistently refuse to do year after year after year.

I came out of law school a very bright, eager young woman ready to change the world. I tell you, if one-third of what is going on with these poor people in Mississippi is true generally in America, the country is in serious trouble. I came out with a firm belief in law and institutional changing. After school case after school case, I have still after 4 years in Mississippi, found 4 percent of the Negro children in white schools, 96 percent of those children in still terribly unequal, Negro segregated schools. We cannot do the job alone without strong Federal enforcement and I think we have seen that it is not there. Something has to be done about that.

I cannot stand much longer seeing babies with bloated bellies and babies coming to Headstart schools who cannot stay awake because of hunger. If this Government cannot feed its people, what can it do? If this Government is not moved after documentation over a year's period of severe manutrition in all our cities, all our States, what in the world can we do? People ought not to continue dying like this.

We are getting a whole lot of problems and a whole lot of questions about violence. I am suspect of Congress and I am suspect of people in this country who continue to worry about violence that may be caused by poor people coming to Washington, while forgetting the chances of violence if people continue to be treated as they are. How can you worry about being inconvenienced so much when a child is inconvenienced by having to walk 7 or 10 miles to school without shoes. That is inconvenience.

How can we continue to be so terribly concerned about what violence may occur when we are not equally concerned about the violence of a rat eating a child to death, as happened in North Carolina 2 weeks ago? How can we continue to harp on the possible violence this Poor People's Campaign may cause while forgetting the violence of people having to live day after day after day with rats and roaches and in fact, the poor themselves are the greatest victims of crime.

We have to begin to get realistic. The fact that these people, after all they have gone through, can still have the faith to come here and ask you to do the very reasonable things that they are going to ask you to do and much of what they have asked of the various agencies; and we will be happy to furnish you copies of those, three-fourths of which the agencies have the present and current power to do—and in fact the law says they are supposed to have been doing for years. They have not been doing it. It seems to me we have to look at these things in a hard fashion and say the people are simply asking that the programs, that Congress has already passed, function as they are supposed to function. I think we have to go a long way to making the executive branch function this way.

Second, I think when we are looking for work; when the training is not adequate to prepare us for those jobs, the Congress has to, with an open mind, hear the pleas of people who want to work. The poor do not like welfare any more than you like it. We are simply here to say we want jobs but you cannot, it seems to us, say to them when they say, we come to look for work, we are not going to let you work. They are here as a last resort. They are desperate.

One of the things that is striking me a lot is the growing bitterness of the young people. I think I am finding, even in my old age, and I found that the SNCC kids in Mississippi found, that many people have illusions that riots cannot occur in the South. SNCC is already passé among the 13-, 14-, and 15-year-old kids. These are kids who have grown up in the civil rights movement, who have picketed, they have gone to jails, who have gone to schools despite the violence, who have seen their political candidates lose, who have heard us in the law area sort of say, we cannot change it legally and who have seen us fail year after year after year and see themselves worse off than they ever were. There is very little we can say to them now.

What is even worse to see, I think, is the perception of these children. I want to tell you very briefly the kind of things little kids in Mississippi are writing today which frighten me, but which I think reflect the hypocrisy in this country which I think has to be changed. I have told this story two or three times and I like it a lot, but I think it points up what is wrong with the way the country is working.

This was done in 1964 in a Freedom school by a little girl. It was a parody on Cinderella. She called it Cindy Lillie. Cindy Lillie said she lived in McComb, Miss. Every year in McComb, there was a great big ball in the armory. Somehow the little girl heard the ball was given. It was given by the Ku Klux Klan. Every year, she begged her mummy to go to the ball because she saw all the people going all dressed up. Every year, her mother would say, maybe next year, Cindy Lillie, you're not old enough, or you don't have the clothes this year. Year after year, Cindy Lillie persisted and year after year, her mother had an excuse. Finally, when she was a little bit bigger, she was so persistent that her mother could not give any excuse in the world. So she thought and she said, you don't have any escort.

Cindy Lillie said, "Oh, yes; I do," and you must remember this was 1964, she said, "Prince Charming Bobby Kennedy is going to take me to the ball." Her mother said, "It is very doubtful," but Cindy Lillie said, "No, he promised me."

So comes the night of the ball and an hour before it was to start up, Cindy Lillie got a telegram from Prince Charming that he could not make it. Her mother said, "I told you so."

But Cindy Lillie said, "That is all right, I can go anyway." So off she went down to the armory in McComb, Miss., with her little invitation. She stuffed the 14th amendment in her purse and also the Civil Rights Act.

She came to the armory and heard all the laughter and the music inside and she knocked on the doors. They did not open it. She kept knocking and finally these other guests came by so Cindy Lillie went in with them. She saw the man at the door. He gruffly said, "What it it you want, little girl?"

She said, "I came to the ball, I was invited."

He said, "Where is your invitation?"

She was getting a little nervous, but she pulled out the 14th amendment. He said, "This is no good."

She said, "I have something else." She pulled out the Civil Rights Act of 1964. He said "That is no good, either."

Then she got a little more desperate and she pulled out the Voting Rights Act of 1965 and she handed that to him.

The man said, "Sorry, lady, where do you think you are?"

He began to pass these laws around and began to point out Cindy Lillie and everybody in the ball began to laugh and laugh. Cindy Lillie stood there and she began to cry and cry.

This little girl, about eight or nine, in Mississippi wrote this story about 3 years ago. Three years ago, the Cindy Lillies were crying in Mississippi. Today, they are kicking, they are fighting, as well they may. Unless the laws of this Congress that pass and which have to be passed are going to get people into the balls of this society, into the jobs, into the houses, out of the hunger, into the schools so that they can get decent lives, we are going to be in more trouble than ever before.

Now, either you are serious about it or you are not. The key point I think you must recognize as legislators is that you cannot continue to expect people to remain responsive to institutions that everyday, persistently and clearly, show them that you do not care about them. People respond to institutions that respond to them. After all, this is a government of people and people are not have to serve institutions, it is the other way around.

I think nobody can deny that what has gone on since 1954, with all the laws, all the Federal grant programs, and the existence and growing existence of poverty in this country, somebody is failing because somebody does not care.

The Poor People's Campaign is here to say to you, make the laws work. Give us the money that is going to help us be decent. We are not asking for handouts. In this country we have the resources, we have the money to appropriate—it is a matter of priorities and what you choose to have cut—why must it always be the poor that is cut? This is the last chance, I think, for this country to respond to the quiet and peaceful petitions of people who are asking for very, very just solutions to very, very real problems.

Mrs. Brooks can lead off on this.

Senator MUSKIE. Mrs. Brooks?

Mrs. BROOKS. Giving honor to Mrs. Wright, I would like to say my name is Mrs. Lela Mae Brooks, I live in Sunflower County, Miss., which is a decent county.

I would like to say today to you all, Mr. Eastland has been to Washington telling that we are satisfied in Mississippi. But I am working with poor people like myself and that is where people are trying to get more social security and jobs.

I understand Mr. Eastland to say we are satisfied in Mississippi, but his plantation people are not satisfied, because I have been on his plantation, and I am not afraid to say it, and they are hungry, too. Because people went there to buy food and his house is not decent, either. We want you all to know that we are tired waiting for a decent place to live in, a decent home, decent food to eat. We are tired of

waiting on the white people and having them treat us like cats, dogs, even cows and pigs and things like that. Some of the houses some of the people in Mississippi are living in in Mr. Eastland's county, I want to tell you because I saw it with my own eyes, they are not decent for dogs to live in. They have better houses for tractors and they have tractors. We know you are responsible for that, you are responsible paying him for not planting his cotton. Yet there are people who are over 65 years of age and can't get any welfare.

We don't want welfare in Mississippi. We want money in our own hands. We don't want white men sitting on our money or you all either. We are not going to beg anymore. We are not in Washington to beg.

You had better believe God Almighty would not have put us here if he did not want us here. He would have wiped us out long ago. We get assassinated all the time.

We want jobs, we want to get decent pay for them and we want us not being able to work on welfare. But we don't want welfare. We want money in our hands. We want to build our own houses. We don't want to be born in a shack and die in a shack.

We want Mr. Eastland to know the people are not satisfied in Mississippi. They are not satisfied all over the United States and we are looking for an answer. We are not going to wait for another hundred years.

I want you to know we are not going to take any crap, eating food with bugs in it. We are tired of using commodes and having the sewage ditch run by the front door. If you think it is not true, I have asked a man to come from Indianola, Miss., to look at it.

Do you think we like that filth? No. You would not want your wife and children to inhale it. How would you feel today with no food to eat, with people on welfare, with 12 and 14 people in the house? We have most plantations up there and one person in the house working. Then they take our house rent. They come and take our automobiles and then we can't go to the doctor.

They told us in 1964, they said they were going to give us free lunches for the children. We put them in the white schools; they said they are going to cut and whip our children. Why do you want to whip our black kids and not expect us to whip a white child. I told them to keep their hands off of our black children.

You all are going to have to realize we built Washington, we built these buildings and we must have money, we must live decently and I want you all to know it today face to face, because I am not friendly. I am a mad lady and am mad because I do not have a decent place for my children to lay down. They can't get a decent education. You say we are not qualified. How did we raise y'all? I am not raising any more white babies for you. I am not. I am not working any more for $3 a day, from sun to sun. Then they tell us—you come by here telling me I get $50 a month disability and they tell me my gas bill is $26 a month and buy $50 a month food stamps? I am sorry. We are not coming here to beg. We are asking—we don't want anything from you all. You all go to work and start sitting down like we did. I say you can go to work in the cottonfields. We are not going to do it anymore. You better believe these younger children are not going to take it and we are not going to either.

So please hear us and hear us now and don't be a long time doing it, please.

Senator MUSKIE. Thank you, Mrs. Brooks.

Miss WRIGHT. Mrs. Arsenault.

Mrs. ARSENAULT. I am Mrs. Barbara Arsenault, residing in Resurrection City. That is why I have such a bad cold. I hope you can understand me.

I live in Berkeley, Mich., which is a suburb of Detroit. I have five children. I am an ADC mother. I used to live in Maine, but the welfare programs were so poor that we moved to Michigan. It is a little richer State, I suppose.

I am here as an ADC mother. My five children are on ADC. I do not work. I do not intend to work. I am not interested in a job. I have five children to raise. If I raise them properly, it will repay the cost of keeping me at home on ADC.

It is very hard. It is a subsistence living. I do not buy food stamps because I cannot afford them, $44 twice a month, cash on the line, for $60 worth of stamps—I cannot buy less and I cannot get $44 up except for things like rent, flooded sewers, broken furnaces—first-class emergencies are the only thing I can find $44 for twice a month. If you miss the food stamps three times, you are ineligible. I mean they are a joke.

This is a Federal program and the administration is just fierce. I wonder who is getting them.

I work with the Office of Economic Opportunity as a commissioner, a representative of the poor. I have seen a lot since I got there. I think a lot of your problems with Federal programs are local resistance. You have to use Federal influence, Federal law, Federal muscle to put these programs to work where they are needed. I have worked with title I, I have worked with Headstart, I have worked with a lot of the big programs, the better-known ones. I have seen—I do not know where the money goes, but we cut money out of this program, we cut children out of it so we can put a few children in it here.

I count children. I know that 1 percent of those on public assistance can work. The rest are children or mothers like me who know they are needed to raise them, or disabled or aged people. Yet I know that most of the poor are not on ADC, they are not on welfare, they are not receiving any assistance.

I am here because I was sent here, because half of the country sent us here to represent all of the poor. All we are doing is asking you to let a few more kids in on the welfare programs, on the ADC program. It is not the best. It is a little over $5 a week for food for each person. It is not much. I do not think many people here could live on it. We learn how. But at least, it is something.

I am thinking of the children with the bloated bellies. I am thinking of the kids with diseases and no way of buying the food that it would take to cure them. A lot of sickness is caused just by malnutrition.

I wish that you would hear just one thing from me. This is a poor little heap of poor people. We on public assistance are on the top of that poor little heap. It is way down, but it is still higher than most. I wish you would help lift the rest of them up to that little level.

I would like to say something, too, about the Poor People Campaign. I feel like a little sliver of ice on the top of an iceberg. Half the coun-

try is behind this. People have been feeding on us. People have been clothing us, people have been bringing us into their homes for baths. We have been waking up all over your cities, finding our clothes ironed.

I love a cup of tea; I have a jar of instant tea from one lady, tea bags from somebody else. Somebody else paid the bill to get me here. A whole crowd of somebodies are minding my children so that I could come.

This Poor Peoples' March is integrated. I live right down there in Resurrection City. We shiver together, we eat together, we work together. We are having a beautiful experience in brotherhood. It works; it works beautifully. I would like you to take a look at it.

This is what we are talking about when we are talking about integration—people together. Who cares what color they are? And it is working down in Resurrection City. Please listen to that, that beautiful thing down there is just the top of the movement that stretches from coast to coast.

Thank you.

Senator MUSKIE. Thank you very much, Mrs. Arsenault.

Miss WRIGHT. Mr. Williams has just pleaded that he is not feeling well. He has had two heart attacks and he has not brought his pills this morning. He has asked not to testify. He is a man on welfare because of disability and he has an income of $84 a month. His basic reason for being here is just to tell you how difficult it has been to get on the food program in Mississippi. He still has not succeeded, and against the administrative redtape, the lack of coordination, the inability to get into programs that are designed to help him is just something that continues to break the poor down. So he asks you to excuse him.

The Chief will talk now; Chief Francis.

Mr. FRANCIS. Senators, my name is Representative George Francis of the Passamaquoddy Tribe in Maine. I have two problems; one is whisky and the other is bills. Ten years ago, when I returned from Detroit—I am retired from Ford Motor Co. and worked there 40 years—I returned 10 years ago and the condition there has never changed. I left there in 1909—went home—and the same conditions exist up there in regard to liquor. I have been fighting the State for 10 years, and I have never gotten no place with them. I went before the two Governors, I went before the liquor commission, and the liquor commission said, why do you not clean it up? I was Governor of the tribe at the time.

I said, do you want me to clean it up on 27 cents a day? That was my salary as a Governor.

So I was called to Augusta here about 6 weeks ago. I had a hearing before the liquor commission and I told them at the hearing that water during the winter time, half the houses did not have any water, but we had plenty of liquor. So the commissioner came to see me and asked me, what am I going to do down in Washington? And I said I was going to try to get some help on liquor problems.

He said, do not do that, because the State will lose our welfare.

I said, well, they have lost everything now; what can they lose?

Now, they have taken the milk away from children just 3 weeks ago and have taken the hospitalization and medical care from all of the Indians only in the case of an emergency. Those are the things we do

not know what is going on. Everybody is afraid to say anything. I am the only one on the whole reservation that is able to get up and say something, because people are off the reservation or out of the State.

We have had a lot of publicity through the Boston papers, the New York papers; they cut us out of the Maine papers, blanked us right out. They do not allow reporters to come on there no more. I do not know why.

Several of your Washington officials were up there 2 weeks ago last Saturday on the housing problem. We had a letter from New York out there which wanted to get us, wanted to get houses for us. How can we buy a home when our yearly average income is $430. They expect you to buy a home on that. That cannot be done. But they are trying to force housing—this is not the Federal Government, I do not think that that has anything to do with it.

But I cannot find head or tail who is behind all this, causing the housing problem. They figured we wanted to build 30 houses on each reservation—there are two reservations—which is impossible for them to make those payments. They cannot even keep up the interest alone. If they do get houses on it, who is going to pay the interest on the houses? Eighty percent of those people up there cannot even pay their electric light bills, because I know; I pay them. I think they owe me about $2,000 now in electric light bills I have paid in the past, and I will never get back.

So 10 years ago, they had a housing project brought up there and the housing project cost us $80,000 for 11 homes. Up to now, those houses have cost us over $200,000 because those houses were built on a swamp. I told them at that time—I was not the Governor at the time. I told them, you cannot build houses on a swamp.

Well, they just took me for granted that I did not know nothing. But 6 months after those houses were built, the foundation went one way and the house went the other way. So they spent almost $46,000 to put the houses back together again.

Now, they did that twice already. Now, they have to do it again. That is why I am fighting this housing project up there. We do not want to be taken again for $100,000.

I cannot find anybody who will tell me what is backing this. That is one reason I came down here. I am going to the Housing Authority to see who is really behind it. I know that FHA came up there 2 weeks ago Saturday, and they said they had nothing to do with it. Before, up to that time, they were behind us. Now they fell out. Now I would like to find out just what to do and who is behind all this. This is just nothing but a money scheme, that is all it is.

Now, I had a problem. We have a trust fund up there for $212,000 which we do not get no interest out of the trust fund. The interest is taken away from us; I do not know why. Our stumpage on the land is $150,000 a year. That is $25,000 we are supposed to get that would build at least five houses. In 10 years, you would have them all built on your own money. But they will not do that.

Those are things that I really came down for, to find out why they are holding our trust fund and taking our interest money away from us.

Thank you.

Miss WRIGHT. Mr. Negron.

Mr. NEGRON. My name is Vincent Negron. I am from Brownsville, Brooklyn, N.Y. I represent an organization called Cusa, Christians and Jews for Social Action, in Brooklyn. I am vice president.

I would like to speak specifically to the housing problem we have in Brownsville, Brooklyn. Many of you here have probably heard and read about the 500 empty buildings we have in our community and about the 10 to 20 buildings a day coming down. The relocation department there is not doing its job, for the simple reason that it relocates people into another, adjacent area which is also a ghetto area. The welfare department—let me verify a little thing.

Brownsville is 85 percent welfare recipient. So you take an individual family, you put it into the East New York section, which is the adjacent area of Brownsville, into another ghetto. The welfare department puts the individual family into this apartment which is just as bad as the one that has already been vacated, or that has emergency vacating orders to be out. The individual does not want them and is then put into a hotel in the city of New York.

Then you have a family of nine, you have kids, you have school that the kids have to attend, and they miss maybe 2 or 3 or even 4 months of school, for the simple reason that they are traveling and they have to ask for a transfer, and you know it is not stable, living in a hotel.

Now, you have the urban renewal areas in Brownsville. You have people knocking down our buildings and moving people into another area again, another ghetto area, putting them again into another dilapidated building with rats and roaches again. Then the people are promised to be moved back into these projects; that is not done.

We have spoken to Chairman Walsh from the housing authority in Brownsville; we have spoken to Mayor Lindsay, we have spoken to everybody down there. We have spoken to Frank R. Collier, commissioner of relocation down there.

We ask that the city of New York and the Senators down here look into this and then build houses at the same moment that you knock one down, to build a brand new one right next door to it or to do something, because what you are doing is moving people from one place to another and creating a ghetto in another area. You cannot move people from one house into another house which is in the same condition.

Last year, we had two babies die of pneumonia. And remember the heat problem we had? We had two babies die of pneumonia. If you remember, you may have read it in the paper, the Times, the Good Shepherd Center housed more than 1,000 people in their church so that the people would not freeze over there because of inadequate heat. The landlord cut out on us and left us in these empty buildings. And then the city takes it over and the city is a worse landlord.

I do not have to tell you this, because we have been demonstrating for the past 2 years. We have been nonviolent in Brownsville. We have not had no riots yet. Not one yet. Now, a month ago, 2 months ago, 25 buildings went up in flames. Nobody got hurt, thank God.

But ladies and gentlemen, let me tell you right now, if this keeps up in Brownsville, we, the people of Brownsville must do something. If the Senators here and the Congress, anybody, you people cannot heed to the message that we are giving you down here today, I feel sorry for this country.

I am a Puerto Rican born in the United States, and I wanted to go back to Puerto Rico. When I went to Puerto Rico for a visit, I found out that you are there also. You have taken over also the Puerto Rican country. It was an agricultural country. Now it has become an industrial country. So it looks like we are stuck with the United States.

If we are stuck with the United States, brother, we are going to fight you also in this country.

All I am going to say is I wish you people would take a walk, just a walk, to the Poor Peoples' movement. I have, in my own houses. I have 18 people from my own neighborhood, just the poor people here. We are building our own house over there. I want to tell you it looks better than anything we have in Brownsville. We have something better than anything in Williamsburgh, which is middle class.

We are going to stay there. That is all I have to say. If you have any questions, ask.

Miss WRIGHT. There are two or three things from these discussions which I shall point out. Again from a cursory reading of the bill, do you see any reason why you cannot include in the law that people are not to be removed in urban renewal until adequate housing has been guaranteed to them and, in fact, these people have been relocated in adequate housing? It seems to me again the thing that strikes me about the whole bill is how few social as opposed to technical, values are included.

A city planning friend of mine tells me how much goes into planning a zoo—the animals must have the right temperature, they must have the right atmosphere. They have to have everything of the right size so that the animals can grow and be happy in the zoo. We do not give that much consideration to people.

It seems to me we are concerned about highways. Why is it that we cannot write a law that people shall not be moved from one slum to another until adequate housing can be found for the people and they in fact shall be moved into adequate housing before an urban renewal program can come into force? I do not see any problem with that. It seems to me that is the minimal protection that we can give to these people.

The second thing that worries me a lot, which is good in theory but not in actual practice, is your emphasis on trying to get more State responsibility and you talk about having to consult with and get approval of the local governmental agencies before instituting Federal programs. That is very well, and I would like to see that, assuming you have very strong, built-in guidelines that the States must follow and comply with, and assuming you have procedural systems for review built in. One of the things I would like to ask is that a review system include adequate hearing procedures, because it seems to me that Agriculture, HEW, and a few other agencies of the Government do not have clear hearing procedures. I have asked for hearings at the HEW—a few years ago—and we have gotton no response. Some say that there is no hearing procedure for the public; some say there is but it is so unwieldy that they avoid using it where possible.

Why cannot we write in clear hearing procedures so that people can bring up violations of programs?

Lastly, because the political pressure is so often so difficult to deal with, why cannot we have a system for judicial review of certain pro-

grams if we feel certain laws are being violated in a substantial fashion? I would like to see built into the bills the right to judicial review and a clear hearing procedure.

The third point I would like to make is while we are talking about consulting in the States, one of the problems is that many of the States and localities unfortunately have still not come to the place where they are going to take responsibility. In Mississippi, we are suffering because of money the State loses from Federal programs. If we had the unemployed fathers program in welfare in Mississippi, we would be a lot better off than we are. It is not a solution, but it would keep a number of people from starving. The States, particularly in the South simply have not shown their willingness to take advantage fully of Federal programs by putting up a State matching share, or to carry those programs out in a way in which they are intended.

I would like to see a different kind of bypass mechanism built in whereby if States and localities—you have written it positively as I have read it—must agree to take these things assuming they meet certain requirements. I would also like to see it say that if the State and locality have not seen fit to take advantage of this program, the Federal Government should have the option, in areas of greatest need, to go ahead and carry on the program directly. We might think about that.

I know it is complicated, but again in the food area, I have argued with the Agriculture Department that they have the authority to initiate community distribution programs if the State refuses to do it. They refuse to do it in most, if not every instance. That is our big fight with them. That is why I think that should be left in there, that if the States refuse to do their duty, the Federal Government should act under certain clear cut conditions.

I would like to join with our other speakers here in the invitation to come out and see Resurrection City. I would like to say again, you are Senators with votes. We are here to ask, and I think Mrs. Arsenault is correct, that the compulsory work program for mothers, should be repealed. We are here to say that the freeze is not the answer to poverty. We want that repealed.

We are here to say that we want to work. It seems to me that this Congress, if it wants to, can put together an adequate jobs bill. I know the problems of appropriations, and I know again that there are other ways you can cut it if you want to. We need the job bill. People want to work. It seems to be minimal. This Congress should respond to that very just demand.

You hear the problems the chief talked about of housing. People here say they want decent housing. There is a housing bill pending before you. You people can do that. All of us are aware of the atmosphere in this country today. But again, you are leaders. I think there are many ways you can mold the opinion of this country. You have a supplemental appropriation for summer jobs and Headstart pending in conference; it is minimal. When you are talking about that, you are talking about avoiding 30-percent cuts in Mississippi programs from last year's level of programing for needy Headstart children.

I disagree with the priority that says we should cut out jobs, 30 percent in Mississippi, so that people can be thrown out of jobs this winter and have to come up and take money, the same money you are

trying to save for the summers. You have to feed children in Mississippi now. Is it so unreasonable to say that out of a gross national product of $860 billion a year, you cannot come up with $75 or $100 million supplemental so that the kids who are in Headstart and getting one more meal a day can continue to get that one more meal? We are here simply asking that we not see any more of our children die because of hunger.

We want food stamps that people can afford. There are many adjustments that can be made to get the people in these counties into that program. There is much the Federal Government can do to get emergency relief programs into the neediest counties but since they always claim they lack authority, it seems to me minimal that this Congress should be able to say that it is important to this country that people do not go hungry and enable us to get food programs into almost 400 counties where food programs do not exist.

We come and go to hearings and talk and talk. I should point out that it is not enough that we come here this morning and be graciously received. We want to see how you vote. You must realize the faith of these people is almost at an end. That they can continue to talk to people like you will depend on what you in fact do and do immediately. It is not as if we were coming to pressure you and make you do something right away. We have been saying the same thing now for 5, 6, 7, 8 years. You simply have not responded. We are saying please respond or else we will simply have to begin to lash out, because there is no choice.

You tell people you can either shut up and hopefully die, or give up, or to fight, either with guns or with fires or anything else.

I do not think any one of you would think nonviolence was a terribly great thing if you, Senator Baker, could not feed your child at night. I think you would do everything you could in the world to feed him, when reasonable methods fail.

If you, Senator Muskie, had no decent home for your family to live in or, as Mr. Scott from Baltimore so eloquently in this committee hearing said, had shared your apartment with the rats and roaches every night, you would do what you could to change that. If you could just begin to empathize with the desperate misery the poor live with every day, evaluate your own judgment and come up with a different kind of response from yourself as leaders, for if you are leaders, you ought to lead.

I do not think this Congress has been known for its leadership in the last several years. I hope we can maintain faith in what we think is a good system, but the system simply has to adjust to include other people who are not included in it, or else it will be attacked from outside as well as inside.

We thank you for the chance to come. We hope you will come to Resurrection City.

Senator MUSKIE. Miss Wright, may I say just a few words? First of all, the discussion comes to matters which are unrelated to the bill before us, but we will come to that. We appreciate your constructive suggestions on this bill, and I assure you we will. I cannot predict how other members of the committee will respond to specific recommendations, but I think the committee will be most responsive as a whole to suggestions you have made.

I think it has been helpful to us as Senators, also, to hear what you have to say about other Federal programs. I am not a member of most of the other committees which are involved in these programs, although I am a member of the Housing Subcommittee. So it is helpful to get this insight that you have given us in these several states.

With respect to some of Chief Francis' problems, I shall undertake to get in touch with the appropriate State agencies to see how helpful I may be in that direction.

We welcome you all here. We understand that you are not satisfied with the opportunity to be heard. Nevertheless, it is important you have that opportunity. We have been most happy to give you that opportunity before this committee and these two Senators this morning.

With that, I hope that I will get down to Resurrection City, and expect to.

Thank you very much.

We will recess until 10 a.m., tomorrow.

(Whereupon, at 11:45 a.m., the hearing recessed, to reconvene the following day, Wednesday, May 22, 1968, at 10 a.m.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

WEDNESDAY, MAY 22, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:25 a.m., in room 4221, New Senate Office Building, Senator Edmund S. Muskie (chairman), presiding.

Present: Senators Muskie, Baker, and Hansen.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committe will be in order. I think we will shortly be granted an exception to permit us to hold hearings in spite of the fact the Senate is in session this morning. If not, we will have to discontinue, but in the meantime, let us proceed.

Our first witnesses this morning representing the National Urban League are Mr. Wendell G. Freeland, member of the board of trustees, and Mrs. Murice Jefferies, community organizer, neighborhood development center and program, Washington Urban League.

Mr. Freeland, won't you proceed in your own way.

TESTIMONY OF WENDELL G. FREELAND, MEMBER OF THE BOARD OF TRUSTEES, NATIONAL URBAN LEAGUE, ACCOMPANIED BY MRS. MURICE JEFFERIES, COMMUNITY ORGANIZER, NEIGHBORHOOD DEVELOPMENT CENTER AND PROGRAM, WASHINGTON URBAN LEAGUE

Mr. FREELAND. Senator, the National Urban League appreciates this invitation and opportunity to appear before the subcommittee and add to your body of knowledge the information and evidence the league has gathered over its years of experience from the many affiliates.

This statement was originally prepared by the Washington office last week and we had only 87 affiliates, but we had a meeting in Indianapolis of the board of directors and we brought in three new urban league branches, on in Lexington, Ky., one in Albany, Ga., and the other in Nashville, Tenn., so we now have 90 affiliates in the United States.

I am a member of the national board of trustees and former president of the Urban League of Pittsburgh. As you undoubtedly know, the league has been operating for some 58 years to secure equal opportunity for Negro citizens and other minorities. It is nonpartisan and interracial in both its leadership and staff.

The national office is New York, and Whitney Young, I suppose, is our No. 1 product as our executive director.

We have a trained professional staff operating in day-to-day activities in using the techniques and disciplines of social work in performing services of the league. The professional staff numbers more than 800 employees whose operations are reinforced by some 8,000 volunteers who apply expert knowledge and experience to the resolution of racial problems and racial relations.

I am among the 8,000 volunteers with much experience, but little expert knowledge.

The proposed legislation which you have introduced will insure the fullest cooperation and coordination of activities between levels of the government in order to improve the operation of our federal system. At the time this legislation was introduced in the first session of the 90th Congress, there were some 220 Federal grants-in-aid designed to assist the State and local governments. These were administered by 16 departments and agencies of the Federal Government. It should be noted that more than 75 of these 220 grant-in-aid programs have been enacted since 1961.

There are obvious problems and there will be obvious problems for those responsible for the administration, and also for those the programs are designed to serve.

The consolidation of programs as proposed in title VI seems to us to be one of the ways, or one of the approaches, which will solve some of these problems. In any single area of concern, there are so many different programs that the average citizen soon becomes lost in the Federal maze, and is thereby deprived of the right of supporting services.

But, more importantly, he loses confidence in the institutions of government, and I think this is what we are seeing throughout the country today. For example, in the manpower field alone, there were some 57 programs for vocational and job training last year. In Pittsburgh, there are so many programs for job training we really do not know where we can find the people to be trained or where we can put them, or which office they should go to.

The unsophisticated, poorly educated jobseeker is expected to become, overnight, educated and sophisticated and select the plan that best suits his experience and needs. Today, because of the time limitations and because of the interest of the Urban League, I would like to talk most of all about title VIII, which deals primarily with uniform relocation assistance.

This title deals forthrightly with the problems which have been of primary concern to the National Urban League for a long time, and indeed, still confront us today on a daily basis.

The establishment of a uniform policy for the "fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs" would be one of the greatest services this body could render to the rank and file of American citizenry.

To the homeowning ghetto dweller or ghetto businessman or tenant, such a unified policy would have the greatest possible meaning.

The way we are now, those who are least prepared to battle the strong arm of established government as represented by the eminent domain proceedings are also those who lose most under our present relocation programs. All too often these people know little or nothing about relocation payments, advisory assistance, or assurance of availability of standard housing. The same is true of the ghetto businessmen who are diplaced or forced to discontinue business because of local or State relocation programs.

Most know nothing about the programs presently designed to provide an orderly transition with a minimum of inconvenience. Thousands of individuals are affected each year by such Government projects as urban renewal and highways—a great many are minorities living in slum areas. According to your own statement before the Senate, Federal and federally aided programs are estimated to displace approximately 111,000 families and individuals, 18,000 businesses and nonprofit organizations, and 4,000 farm operators each year.

While these programs sometimes work hardships on individuals who are not poor, the practice has been to concentrate on the poorer areas, and I think this is because the residents of those areas are least likely to have the political power or the know-how to beat city hall downtown.

Even where highway and urban renewal programs are administered fairly, there is a great need for advisory assistance. As you have said in introducing this legislation, and I quote, "The poor, the nonwhite, the elderly, and the small business people all need intensive counseling to prepare them for, and to help them carry out their move."

The major problems we face today with relocation was tersely summed up by Newsweek recently in its "Negro in America" special edition. The editor said:

> "Urban renewal, which was designed to rebuild decaying city centers, has in practice all to often meant Negro removal; in Atlanta, for instance, 67,000 people were displaced by the leveling of slums and only 11 percent were relocated in public housing."

The problem is further compounded by the fact that "unequal treatment" often results from the limitations of programs themselves, even when they are administered fairly. Two families living side by side could receive drastically different benefits and assistance simply because they were displaced by different programs.

I think the record shows that a federally aided urban renewal project would give to a homeowner moving costs up to $200. The person next door owning his own home under the federally aided highway program would receive $200 only if the State has authorized participation in the Federal relocation program.

Inconsistencies for payments for business moving expenses are even greater. The Federal-Aid Highway Act allows expenses only up to $3,000, while dislacement by a federally aided urban renewal project entitled the businessman up to $25,000 for moving costs.

I would like to relate, if I may, some of the relocation experiences the urban league has encountered in some of its affiliates.

The Urban League in Detroit, for example, has conducted several studies which could prove useful to this subcommittee. Mr. Roy Wil-

liams, the housing specialist for the Detroit Urban League, is to make available to you certain information. In a "survey of the quality and availability of housing listed by the Detroit Housing Commission," the urban league found that a majority of houses fall in one of three categories. They were (1) substandard, (2) too expensive, or (3) already occupied by someone else.

A common complaint in Detroit is that housing which is torn down by the Housing Commission is, in many cases, better than the housing into which the residents are forced to move.

In New Orleans, though there is no urban renewal authority, there are still many problems for those who must be relocated. The housing director in the New Orleans office says that the "main villain has been the interstate highway program which provides absolutely no relocation assistance."

I would note here that many of the aspects of the highway program to get people around cities and into cities faster—out of the cities and into the suburbs—are the result of the flight from the cities and the flight from the problems of the cities by the white community.

Other difficulties arise, of course, in New Orleans, from closing down of properties because of code enforcement. For instance, when the slum lords closed their tenements there usually are no relocation efforts by the city government because no urban renewal funds are available in New Orleans.

In Elkhart, Ind., we are told that the people who are replaced by urban renewal are not always included in the local public housing program. This is primarily because many of these individuals are welfare clients and city officials limit the number of "minimum rentals" admitted to public housing.

It is sort of a quota system, as it were.

In Fort Wayne, Ind., urban renewal plans for the Hanna-Creighton area were announced in 1961. Of the 490 families living in the area 90 of them are still waiting to be relocated. Relocation services were generally considered inadequate in relocating the other 400 families. There is an inadequate supply of replacement housing for no-income tenants.

In another area of Fort Wayne, the city exercised the right of eminent domain to clear away housing to make space for a commercial concern. Several families were forcefully evicted. Presently, there are five families still living in the area awaiting the outcome of a legal suit to obtain a fair price for their homes.

In Cleveland, the renewal programs have caused the coining a new phrase, "Urban Renewal equals human misery." Television station WJW, in an editorial, states:

> Since the beginning of urban renewal in 1957, hundreds of poor Cleveland families have been bulldozed out of their homes. Though the city has poured millions into urban renewal, it has barely lifted a finger to find new housing for displaced families.

The Little Hoover Commission Report found that urban renewal in Cleveland has been "grossly neglected" and challenged city officials to adopt a more positive, more humane attitude in relocating men, women, and children who are uprooted from their homes by the action of city hall. The Commission said that in one renewal project, "1,700 families were forced from their homes, and as far as the city knows, 1,200 of

these families disappeared from the face of the earth because no provisions were made for them."

From Miami we have another report that the "State Road Department, in removing people for highway construction, did not give sufficient notice of relocation assistance to those displaced. The State legislature did not pass the necessary laws to implement relocation payments, so this money was not available to displaced persons."

Since May 1967, the Miami Urban Renewal Agency has been responsible for the relocation of displaced persons and has made considerable progress toward its goals. The fact remains, however, that the agency does not have the funds for relocation payments.

Report after report, Mr. Chairman, from our local affiliates tell the same story—in too many cases urban renewal means "removal of low-income Negroes" and in too many instances this removal is accomplished without the benefit of assistance payments or advisory assistance in terms of finding decent, sanitary, alternative housing.

We also have reports from Dayton; Elizabeth, N.J.; South Bend, Ind.; Champaign, Ill.; Omaha, Nebr.; New Brunswick, N.J.; Flint, Mich.; and San Diego, Calif. All of these are having similar difficulties in working for the relocation of individuals displaced by Federal and federally assisted programs.

From the foregoing you can see that one of the most glaring problems relating to the various grants programs is that relocation policies are both inconsistent and inequitable. The common thread which runs throughout the reports we have received can be summed up in four statements:

1. There is an inadequate policy for making assistance payments and providing advisory assistance;

2. There is no positive, affirmative assistance in locating decent, safe, sanitary housing comparable to that being vacated by displaced persons, or more desirably, better than that being vacated by displaced persons;

3. In most cases, there is a lack of adequate notice before being forced to move; and

4. There tends to be an unwillingness of local officials to comply with the "spirit of the law" in providing assistance to the displaced.

Let me digress from the prepared statement and point out that in Pittsburgh, which is so proud of its Golden Triangle and its new arena, when there was the Housing Authority of the City of Pittsburgh, a separate public corporation, which was the responsible agent for relocation at the beginning of the program of urban redevelopment and renewal—the Housing Authority at that time accepted this responsibility. It had an obligation to accept the individuals who were eligible for public housing, but, once that responsibility had been accepted we found many instances of early eviction of people who should have remained in housing authority projects but who were undesirable as far as the housing authority administration was concerned.

The letter of the law was "obey the spirit." These problems are not new.

Three years ago the Advisory Commission on Intergovernmental Relations issued a report on "Relocation: Unequal treatment of people and businesses displaced by governments."

In that report, the Commission analyzed governmental policies and practices in relocation cases at all levels of Government. One of the report's basic conclusions was that persons and businesses displaced by Federal, State, and local level by public works and other programs, are entitled to assistance and relocation, and this title extends to lessees and tenants as well as to owners of homes and businesses.

The National Urban League concurs in this conclusion and offers the following recommendations to implement the Commission's findings:

1. Provide for the full cost of relocation of persons or businesses displaced by Federal, State or local public improvement programs;
2. Monitor the enforcement of regulations to insure that all displaced persons—owners and tenants—are given advisory assistance and the services needed to find decent, alternative housing; and
3. Require proof of available alternative housing before the release of Federal grants-in-aid funds.

Among the nine major findings of the Commission's study, two are extremely important and of special interest to the National Urban League, and are worthy of note here:

1. "The worst problem in relocating families and individuals is the shortage of standard substitute housing for low income groups."
2. "Nonwhites have the most difficult relocation problems of all population groups. This comes from their general lower economic and educational status; the impact of urban renewal and code enforcement programs on neighborhoods where they are concentrated; and public and private practices that restrict their access to housing."

These findings by the Commission support the statements I have made here today. Negroes and other minorities are placed under a sort of legalized "double jeopardy." This double jeopardy consists of the inadequate policies of the Government which, at best, overwhelms those at the low end of the economic totem pole, and the all-too-frequent failure of local officials to even advise the poor about the limited benefits and assistance provided by law.

We commend this subcommitee for the comprehensive legislation it has proposed to deal with the problems of relocation payments and assistance available to persons and businesses displaced. The National Urban League believes the bill, S. 698, to be extremely important and timely. While by our very nature we can add little technical knowledge to the proposed legislation, I believe that some thought must be given to the relationship of past practices to the Nation's most critical problem.

Much has been said and written in recent years and days, and even hours, I suppose, about riots, civil disorders, civil disobedience, and breakdown of law and order. But not very much has been said about justice. Not much is being done to mend strained relations which threaten to rend the Nation into "two societies, one black, one white—separate and unequal."

The past practices of Government at the State, local, and Federal levels in regard to relocation have strongly tightened the noose of the white community around the black ghettos in America. While we beef-up our police departments and train our National Guard units in our long-range plans for improving the center cities, conditions that sparked the disorders in the past are growing worse.

The population of our ghetto is growing at a fantastic rate. 500,000 more people will be living in the ghettos of America by the end of this year, as compared with the beginning of the year. By 1985, which is not too remote for those of us who look to that year as being possible in our existence, the Negro population in our central cities will increase by 72 per cent.

In concluding, Mr. Chairman, I would suggest that meaningful action must be taken to avoid even more destructive civil disorders in the months and years ahead—disorders which will surely be costly in terms of human lives as well as the loss of public and private property.

This is not to deny that some movement has been made. Indeed, we have made movement. We have made advances through social legislation such as the Economic Opportunity Act, the Civil Rights Acts, the Manpower Development and Training Act, and even some aspects of the urban renewal highway construction bill.

But the racial gap still widens.

What we need is a national commitment to seek a solution to the country's problems—a sense of national urgency that we have not seen before.

For the poor people, many of whom are in this city today, there is a "light at the end of a tunnel" and they are running fast to reach the affluent society which they believe lies at the end of the tunnel. Their race to the end of the tunnel is a determined race and it will not be stopped by repression—not even in the form of concentration camps or detention centers. We must meet the demands for human dignity—the clarion cry for a share in the American dream.

We believe the provisions of S. 698, not only the particular title to which I have devoted most of my time, but other sections, are a step in the right direction. This bill and other progressive legislation may extend hope to the despairing and faith to the cynic. If it does, this bill and this committee will have rendered a major service to the Nation.

Senator MUSKIE. Thank you very much, Mr. Freeland. We will hear from Mrs. Jefferies now, and after that we will have a few questions.

Mrs. JEFFERIES. I am Murice Jefferies, community organizer of the neighborhood development center. We are located only a few blocks from here in the Northwest One Urban Renewal area. I started at the center in 1965 as a neighborhood worker. I am also a displaced person of the Northwest One Urban Renewal area, and I was hired to work with my neighbors and friends around urban renewal projects in this community.

The neighborhood development center serves the area that is Northwest One Urban Renewal. Directly across from our center is the route of the center leg freeway, and about two blocks north of our center is the Shaw urban renewal area; so all around us some type of public work is going on.

I have submitted to the committee copies of my testimony "Pierce Street: An Urban Renewal Experience, Two Years Later." Because of its length, I will only read or speak to some of its contents.

The neighborhood advisory council of the Urban League Neighborhood Development Center published a report in August, 1966 relating to the experiences of families relocated from Pierce Street in the

Northwest One Urban Renewal area in Washington, D.C. The report was prefaced by a number of recommendations to the community and urged appropriate agencies and persons to make modifications in current relocation procedures and programs.

Much of the effort expended by the community organization program of the neighborhood center during the 2 years since the report was released has been devoted to the implementation of these recommendations. How well both the community and the urban renewal agency, the Redevelopment Land Agency, have succeeded in making modifications is summarized in the following statements.

One recommendation to RLA was to increase effective use of social services to meet family and employment problems.

Interpretation of regulations relating to eligible project costs denies local agency permission to provide direct services relating to relocation.

Unsuccessful attempts have been made by the local agency and community groups to get District government agencies to provide new neighborhood services for Northwest One residents. Moreover, there has been a gradual curtailment of services provided by the anti-poverty program. Since 1966, the neighborhood employment service, located in the area, has been shut down. The neighborhood legal service office was merged with one in another part of town; and the housing office which conducted a code enforcement program has been closed. Of the remaining antipoverty programs, only three provide direct services to residents—1 day care center, a credit union, and a family counseling unit, all of which serve an area-wide population of 30,000.

Residents have been demanding new social services during the entire period of family relocation. They have made appeals, presented testimony, appeared at budget hearings, and issued reports to the Board of Commissioners and the City Council, the Urban Renewal Operations Committee, the community renewal program, the Board of Recreation, the Department of Sanitation, the Department of Licenses and Inspections, the Board of Education, the Police Department, the Department of Public Health, and USES–DC. Additionally, an inquiry has been made of the National Capital Housing Authority to discover whether the Agency can provide any social services to residents who hold priority rights to return to new public housing in Northwest One. The Agency regulations apparently bar such "advance" social services.[1]

Another recommendation made by the community was to provide more assistance in obtaining documents needed for public housing. "Illegal tenancy"[1] was a problem relating to documentation which was discovered in the fall of 1967 when the site was being evacuated for the construction of the first moderate income housing. Several families who claimed they had lived in the project area for several years but who were not included among the Agency's list of surveyed families and individuals were reported to be denied relocation benefits. They were termed "illegal tenants" because they were presumed to be living in acquired properties without authorization.

Additional evidence of incompleteness of original survey information was revealed in late 1967 as prospective lists of tenants were being contacted to apply for housing. Almost a dozen families who

[1] Congressional review recommended.

were able to present evidence of their prior tenancy were denied first right of refusal because the Agency had no record of them.

Another recommendation called for a staging plan. A staging plan providing a construction timetable was prepared and presented for community consideration in September 1966. One purpose of the plan was to provide tangible evidence to residents that they did not have to move out of the area in advance of construction timetables. In May 1967, the Agency's policy on demolitions was sharply challenged by the community, resulting in a new agreement, with steps outlined to guard against panic moves by residents and to maintain and improve the quality of the life of the community during redevelopment. A second purpose of the staging plan was to help residents identify with and participate in planning for new low- and moderate-income housing to which they would hold first priority to return.

The staging plan was not adopted as binding but as a plan subject to revisions which would better serve needs of residents. The following modifications in the staging plan have been supported, but not yet achieved, by the community:

(*a*) A new elementary school building (estimates of classroom shortages run to 1,000 seats).

(*b*) One of the housing complexes to include an early childhood center (preschool through first or second grades).

(*c*) The shopping center to include at least one community-owned business.

(*d*) Switch a public housing and moderate-income housing site to allow a construction speed-up.

(*e*) Provision of some new and rehabilitated units as sales housing (13 units scheduled to be ready July 1968).

(*f*) Extension of boundaries of the renewal project to include the approved section of the center leg freeway so as to provide air rights housing over the freeway and additional housing beside the right of way.

(*g*) Speed-up the beginning date of a community facilities building.

(*h*) Creative development of open spaces for recreation use.

(*i*) A public swimming pool.

Another recommendation included in the Pierce Street report was to reserve a pool of standard rehabilitated housing to be demolished in the final stage.

A pool of standard rehabilitated housing was not provided. Present legislation tends to bar urban renewal agencies from improving housing designated for demolition.

The community was successful, however, in getting the Department of Highways and Traffic to invest in the 1967 rehabilitation of a 34-unit building which was scheduled to be demolished in 1970 to accommodate the center leg freeway. (This area is scheduled to become a part of Northwest One.)

I would like to add, sir, that I think it is very important for citizens to be allowed to live near or in the project site in onsite housing. We have had a chance to help with the planning in our community. I served on the board of directors of Sursum Corda, the first nonprofit housing organization to build here; and assisting

in the community and working with neighbors, we have had an opportunity to help them plan. Their original plans that they had brought to the community have changed an awful lot. Before they began construction, we had an opportunity to show their architects our lack of closest space, lack of storage space, and washroom facilities, and all types of things that were actually needed into a home rather than just a space or a room for a bed and a dresser.

Among other recommendations made in 1966 was one to inspect all private relocation housing before occupancy.

Improvement in inspection procedures have been made, but generally are not satisfactory. The License and Inspection Housing Division often does not respond promptly to inspection requests, and delays in inspecting properties sometimes result in rental of units to another prospective renter. The Agency conducts preinspection by its own staff to make judgments about conditions of properties. (Some landlords do not list with the Agency nor will some rent to relocatees because they do not want their properties inspected.)

We also recommended to RLA that the Agency, verify rents and pay rent supplements to maintain gross rents at a maximum of 25 percent of income.

Some progress has been made. The number of onsite locations is believed to have reduced substantially the number of Northwest One families who would pay excessive rents in private housing. No new studies are available which invalidate the Pierce Street figures that 50 percent of families relocated pay more than 25 percent of income in rent; that 40 percent of families relocated pay over 30 percent; and that 20 percent of families relocated pay over 50 percent in private housing.

Families or individuals living in areas of urban renewal, freeways, school sites and other public work areas, suffer more than one disgrace. Because of lack of relocation housing, our center area has all the above mentioned and we live in fear, confusion, and apathy. Homeowners who are living in the Northwest One area find it very difficult to rebuy a home for the amount they were paid. Many of them were eligible families who were living on social security. They could not meet other high payments, and the amount of money that they had excluded them from public housing.

Families with children can answer ads in the paper when they see a house for rent. Once you answer the ad—and you have children under 14 years old—they say they do not want you in the property even if you can afford the property. I have five children and a mother-in-law. In fact, there are eight of us in our family, and I know the difficulty in just trying to get a different home to live with your family. If you can afford to pay the rent, they do not want the children, and who wants to move from low standard housing to another low standard house?

Even if they are small families, maybe a husband and wife with one child, who would not particularly like to live in an apartment, but cannot afford maybe a two or three bedroom house, they cannot find any place in the District. People are just, you know, almost just giving up looking and walking and answering ads and calling, and as a result, many people lie to get into homes. Where the inspections are made sometimes the landlords find out and the family will have to move.

Some of the families I have worked with in Northwest One has made at least three moves since they left the site in 1965. Some have moved since 1966, and so on.

There have been many families that split up because of urban renewal. They were living already in overcrowded conditions, they could not find a house maybe as large that they could afford, so maybe a daughter or a son in their late teens would move into another place, giving the mother and father a chance to move into a home.

As a result, this money is taken out of the home and they are struggling with the high rents, plus the utilities. In substandard housing the utilities are so high that many of us find ourselves in urban renewal areas trying to make a decision: what will we pay this month, our utilities or our rent. You cannot live without heat in the wintertime, and because of the openness of the home you find the rent—the utilities very high. I myself have had to purchase 100 gallons of oil a week. This averaged around $70 a month. This is very high money for a family even if the husband and wife can work.

I would like to mention a little bit here about public housing. Living arrangements appear to be a continuing major cause of ineligibility for families trying to get into public housing. This includes nonmarriages, as well as inclusion in the family unit of persons not related by blood marriage. National Capital Housing Authority will accept common law marriage, but refuses to extend eligibility to familes whose heads are barred from a legal relationship—i.e., one partner separated from but legally married to another—although they have been living in a stable relationship for a long period of time.

Also, the interpretation of regulations bars elderly people of opposite sex who are living in a companionship or housekeeping arrangement. It is believed that a substantial number of old people are barred from housing for the elderly because of this ruling.

The inclusion in family units of persons not related by blood or marriage has served to disqualify some families. This may include children and elderly single persons as well as mentally or physically handicapped or incompetent persons.

We have one family that is not eligible because it includes a lady who had been a ward of St. Elizabeths Hospital. She has to live with someone. This lady is not related to the family so she is not eligible. Take children, for instance, a child that you have not legally adopted, but you have probably had since infancy. You cannot be moved into public housing since you are not related. These kinds of problems seem so simple to the individual, but when it comes down to actually applying for public housing and filling out the papers, this is another problem.

A further recommendation to the urban renewal agency was to help families raise incomes.

Helping families receive benefits to which they are entitled (welfare and social security) and supplementing incomes through part-time employment does not solve problems of individuals and families with incomes too low to qualify for public housing. Among persons to be relocated from the path of the Center Leg Freeway and from the older section are some whose lack of earnings will bar them from public housing. Northwest One now has a number of families and individuals

living in acquired properties who for a variety of reasons are not eligible for nor are able to afford any type of decent housing.

So here we will have people going from one room to another room, and all kinds of problems. Estimates show that 10 to 15 percent of city-wide dislocatees are too poor for public housing.

I would like to add, sir, this little paragraph from the Pierce Street Report: "The families from Pierce Street do not gain from urban renewal in their block, and yet it is they who have paid the price. Statistics alone cannot express the story of these people, the anxiety, the fear, the days spent in official run-arounds, the breaking up of families, displacement, and the helplessness that accompany this. These elements must be added to the cost. Does the community have a right to impose these burdens on those living in the paths of improvement for the greater public good? Does the price the poor pay for being so poor have to be so high?"

Thank you.

Senator MUSKIE. Thank you very much, Mrs. Jefferies. This is excellent testimony, and we are especially appreciative of your very specific and concrete recommendations. It is all too often that we get people who express concern about the problems, but do not help us to work out the specific details. Your experience on Pierce Street has been an invaluable source, and I think they are very practical and concrete suggestions.

Then you have additional statements or other statements that have been prepared?

Mrs. JEFFERIES. Yes, these statements are some that we though would be helpful. They include the Pierce Street Report, issued in August, 1966 our proposal for interim housing in Northwest, and a proposal for school site selection. We have taken or have a policy here on school site selections which we thought would be of interest.

Senator MUSKIE. These will all be included in the record.

Mrs. JEFFERIES. Thank you very much.

(The materials referred to will be included in the appendix of these hearings.)

Senator MUSKIE. There have been several other suggestions offered in the course of the hearings, and I might pose a few of them to the both of you to get your reactions. I could anticipate some of your answers but we might just as well put them.

One is that we ought to require that the housing where the displaced will be relocated be available before approval of renewal programs so that the renewal areas remain habitable to families that are relocated. I assume that you both approve of this?

Mr. FREELAND. Yes.

Senator MUSKIE. It is implicit in some of Mrs. Jefferies suggestions

Mrs. JEFFERIES. This, also, we have discussed in the proposal for the school site selection. We have one school site where the families were moved out, and on this very site they have moved in families from five other school sites at the same time they were trying to get the families out. The community feels strongly that homes should be built before they demolish homes for another school site, and also the same for urban renewal. We feel that there should be a home for a home.

The relocation plan to me, has been very lackadasical sort of thing and they cannot produce the relocation homes that they say they have available in the city.

Senator MUSKIE. The impression I get from your description of relocation programs in the city is that it is a sort of hit or miss thing, that it may or may not produce results?

Mrs. JEFFERIES. Right, and if you are a relocatee eligible for public housing, there seems to be a good chance that when a unit is available, you will get one if you are eligible. If you are not eligible for public housing then your chances are pretty slim.

Senator MUSKIE. What happens to the people whose income is too low to make them eligible for public housing? What do they do?

Mrs. JEFFERIES. Well, they try to—we have tried to help them, as we mentioned, get part time jobs or something, which is not always the case. They usually end up in a room, in with relatives, this type of thing, and sometimes they move into substandard homes that they cannot afford to pay for. These families or individuals cannot even afford the $12 or $15 a week for a room.

Public housing would be much cheaper——

Senator MUSKIE. The net effect is the overcrowding of existing housing, unless plans are made for additional development?

Mrs. JEFFERIES. That is very true.

Senator MUSKIE. Would you concur in that?

Mr. FREELAND. I do. In fact, if you look at the statistics of relocation, you will find that many people are relocated two or three times out of slum area No. 1 into an area which becomes slum area No. 2 and then into area No. 3. This is one of the reasons, I suppose, that some of the statistics are so alarming, because we are talking about the same individual, the same family several different times.

Senator MUSKIE. If we were to require the condition of Federal funding that the housing problem of all people displaced be solved before the project moves forward, how adequate would our funding of urban renewal and highway programs at the present time be? Do you have any estimate on that? I assume that this would slow down these programs.

Mr. FREELAND. It would. But one of the problems at the local level, of course, is that as soon as the Federal Government says there is money available the agencies rush to get it, and I think that this "hit-and-miss" proposition has been going on for too long, not just in relocation and housing problems, but in many other areas of Government activities, and I think that the primary responsibility in the housing should be the use of some of these dollars and cents, and also some of these dollars and cents available from private sectors for the provision of decent, safe, and sanitary housing for those people who are to be displaced. Symbols are important to people, and the builder is a symbol of destruction, and if there is no symbol of construction, the lack of confidence in a Government and society just increases and is one of the root causes, in my opinion, of much of the disturbances in many of the core cities of America.

In my own community in Pittsburgh, an area which had been planned to death literally (of course, all of the plans are no longer in the books today), the people said no more bulldozers, and I honestly believe that the people of that community in the city of Pittsburgh will stand in front of a bulldozer until they find homes for the people who may be displaced.

Senator MUSKIE. Now the fact is, of course, that there are a lot of these projects, highway and urban renewal, and other public projects, that were planned for these areas because they were eyesores, not only because of the reasons that you gave in your testimony. The people in these areas are the people least forceful to city hall. But the community wants to eliminate these eyesores. These eyesores themselves are a reflection of inadequate housing.

Mr. FREELAND. Correct.

Senator MUSKIE. What are the possible sources of housing, as you see it? Public housing, we have been told over and over again in the Housing Subcommittee of the Banking Committee, is not the answer. Rent supplements are a very experimental part of the administration program, entirely innovated to the local need of housing. Rehabilitation of housing is another program that has been started. Obviously, we need a greatly expanded program. What are the possible directions in which we might move to expand the housing supply for low income people?

Mrs. JEFFERIES. Sir, long before we get there with the urban renewal program as such, I would like to see us move first to inform people in the community as to just what urban renewal is.

Our area was declared urban renewal in October of 1963, but when it arrived in 1965 people wanted to know, what is urban renewal, who is RLA. There is such a little bit of knowledge in the community.

Now, being fearful of inspectors and people that might see that you are evicted, naturally when a man comes to my door I would say I only have three children, or my mother-in-law does not live with me; and as a result, they are illegal tenants when RLA acquires the property. So, I think you need to think about these services that should go into the urban renewal type of area that would help the families prepare themselves for urban renewal, and then you can actually be able to find out the housing needs. Then people will have confidence in the agencies and begin to confide in them and let them know the truth.

Now, in order to rent a house, the landlord will want to know how much money you make a week. Now, if the house is $100 a month, I am going to certainly say my husband makes $100 a week. He might only make $75, but unless I say this, he will not rent me the house. So, as a result, I am living in the house that I really cannot afford.

Now, when the Government begins to take all of the information down and sees this, or in planning for a home for me, here is a lady that can pay $100 a month, when actually I can only pay $50, and this type of thing, so I think the services should go in long before the planning for actual homes and so forth are developed.

Senator MUSKIE. But if your experience is any indication, once you have got a house, once you have surveyed the need, you are going to find a need for housing that is not met by the community without the urban renewal projects and without the highway projects.

Mrs. JEFFERIES. That is true, sir.

Mr. FREELAND. Senator, I feel that in answer to the first question, that two things are absolutely vital. Euphemistically, it is described in my statement as public and private practices restricting the access of Negroes to housing. The Kerner Commission calls this, in another way, the color tax, and what one finds at the tenant level in almost

every big city is that when Negroes move into housing which is available, which has formerly been all white, there is an increase in rent. Now, in other words, I am suggesting that until the public and private practices which restrict housing supply available to nonwhites in America are ceased with the aid of legislation presently on the books, with the aid of enforcement of that legislation at every level, there will be no resolution of the problem.

Secondly, and more importantly, though I recognize the eyesore, and I even remember the first Supreme Court decision when eyesores become a factor in the right of a municipality to exercise eminent domain, these eyesores will be with us forever unless we have good planning, and I would say let us have the eyesores, but decent housing, and if it means fewer urban renewal projects, we just have fewer urban renewal projects. The country must make a choice. If it means more money for planning and developing housing before the other housing is torn down, that money must be made available or we must recognize that we have failed in one of the most important areas of the American way of life. I think the decision, at least the points about which the decision can be made, are pretty clear. There must be free access to the housing market by Negroes, and too, Government must decide whether the eyesores, the esthetic problems, are more important than the human problems of decent, sanitary, and safe housing for people.

Senator MUSKIE. Now, what you two have said, in effect, suggests that the humane relocation policy cannot be developed unless it is accompanied by an expanded housing program.

Mr. FREELAND. Correct.

Senator MUSKIE. You have made another point that had not occurred to me before. You say that as housing is destroyed to make way for urban renewal and highway projects, that it has the effect of shrinking the housing market and thus aiding or creating an upward pressure on rent. To what extent is this the case?

Mr. FREELAND. I think that it can be supported in every major community in America, In Pittsburgh, for instance, just as an example, there was an old furniture warehouse, No. 1 Miller Street, and when relocation efforts were made in order for us to have a new civic arena with a retractable roof that never seems to work—we got it—and three blocks away there is No. 1 Miller Street, and this old furniture warehouse became a dwelling unit for about "5 million"—it seemed "5 million" people.

I mean, I do not know how many people were in that building. They had little closets that became rooms, and the social services that were rendered to the people in there were fantastic, and, of course, in larger cities this is duplicated on even a greater scale, but this is just one example, and the rent was whatever the market would bring, as Mrs. Jefferies has pointed out.

The poor people, black people in America, do pay more of their income, percentagewise, for housing. This is the color tax, and I am certain, as I said, though I have no specific statistics, but these could be made available from our national office, and I know in the data before the Kerner Commission you would find the rate of increase for the displaced person in his new setting, and I think the rate of increase is substantial and it is prohibitive when you consider the actual income of the persons usually there.

Mrs. JEFFERIES. Sir, I feel strongly about the staging plan. This is working somewhat in our area. The first families that moved from Pierce Street and some of our area in 1965 moved back a few weeks ago into new public housing. They are in housing on the old Sibley Hospital site. This was something that we had to look forward to, and the people in the community. Now, we have 22 four-bedroom townhouses. These were filled up with residents that lived in the area that were eligible for this size, and those that had moved out. Now the list is ready of families living in Northwest one area of elderly individuals, you know, couples, and then for families eligible for two-bedroom units. So, here we are moving people back into the area that has been redeveloped already, and at the corner next to it is coming out of the ground: and just yesterday the architect said these units might be ready by Christmas. So, then another part of the project area will be completed.

Now, in the beginning we had one block, Pierce Street, that had to have all the families relocated to begin this project site. That was the only little square of about 50 families that had to go. Some of them were relocated in the area on site and the others moved out into public housing, or into some private homes.

I think an effective staging plan would be very good to help relieve relocation problems. Somebody would have to move, but certainly not everybody. Then we work to speed up the maintenance service, give a little bit more maintenance; and families are able to live in the homes until something is ready.

Now, the homes that are being built now are 221(d)(3) homes, and the sponsor will use the rent supplements and the public housing leasing program. So here we will have mixed families here in this project area. It is a very exciting thing and we have worked long and hard as a community to bring about many of these changes and recommendations that we started back in 1965.

In fact, just a couple of weeks ago one was implemented, and that was reducing the rent to 25 percent of the income, and a couple of months ago we got guards in the area to patrol the area, because the police services decrease as families move out instead of increasing, and you are living between boarded up homes. So, I really believe in the staging plan, but it needs work.

Senator MUSKIE. Well, the staging plan, as you have described it, I agree. I think it makes all the commonsense in the world. It is a phasing of the whole project to insure minimum displacement of people at any given time.

Mrs. JEFFRIES. That is right.

Senator MUSKIE. And adjusting that displacement to the creation of housing opportunities within the project itself, and perhaps the temporary use of housing within the area.

Mrs. JEFFRIES. Right, this interim housing that we had here, all of these are very exciting things that can help to relieve the human suffering in the urban renewal in freeway areas and the area that was rehabilitated which brought the people from the center leg into this big building until, hopefully, that they will be able to build their rights housing in that particular area.

Senator BAKER. Mrs. Jeffries and Mr. Freeland, I thank you for your testimony. I am sorry I missed yours, Mr. Freeland, but I have

read parts of it. I have one or two general questions I would like to put, in addition to those that the chairman has already put.

First, Mr. Freeland, if I may, is the use of something like a staging program or its equivalent in general use in the country or generally advocated in the country?

Mr. FREELAND. I think it is advocated, Senator, but I do not believe it is in general use.

Senator BAKER. Do you think of any particular locality where they have made notable progress in trying to implement a staging plan?

Mr. FREELAND. This I do not have. I will try to make available to the committee such information as we have at the National Urban League, and perhaps other agencies that have been involved in this field also might supply you with information.

Senator BAKER. Well, I agree with both of you and with the chairman, that some sort of coherent plan for the accommodation of those who are displaced in the name of progress must be undertaken to help in this dislocation area.

Let me put the second general question to either of you: do you attach particular significance to the apparent tendency to concentrate available relocation housing in certain areas versus the concept of trying to disperse it more generally throughout other neighborhoods in the city? I am really trying to balance the equities of trying to preserve some semblance of community identity which would go with concentration of replacement housing versus the equity of trying to disperse it, thereby creating the possibility of avoiding, once again, a concentration or isolation of the community in new structures.

I wonder if either of you care to comment on that.

Mrs. JEFFERIES. From my own experience, sir (I think I got the question), of living in substandard housing, I wanted good housing in a good neighborhood for my family. So, this is where I looked, but this is also where I could not afford to live. I had no money to purchase a house, and I could not afford the rents, so then you look somewhere else. You know, you still—your hopes are still high.

So, when it boils down, you get anything you can, any place you can.

Senator BAKER. I understand that, Mrs. Jefferies, but the point I am trying to develop in a rather awkward way, I am afraid, is whether or not you see some merit in trying to concentrate replacement housing in one area, which more or less resembles the concentration of a neighborhood that was displaced, or whether there is some merit in trying to disperse the replacements, by relocating them throughout a more general neighborhood so there is not the tendency to concentrate?

That is the point I am trying to make.

Mr. FREELAND. I think ideally, Senator, I understand the thrust of your question, and I think ideally in America it would be the dispersal of displaced persons in the general housing market, and not another area of concentration for the creation of another black ghetto.

However you point out identity—retention of the community identity—I think the Negro community of America has reached the point, at least, in the majority of the large cities, that they feel that the kind of dispersement which is ideal, which was considered ideal at least a year ago, may not be capable of attainment and, therefore, wherever there is decent safe and sanitary housing these bodies should be placed.

As you well know, there are many arguments for the exercise of power at the local level by not having the Negro community dispersed, but having it in a given ward or political subdivision, so there can be maximum use of "ghetto power."

Senator BAKER. And also, if I may interrupt, there would be maximum utilization and effectiveness of social services.

Mr. FREELAND. Yes, I think that this would be a relevant point, too. My own view, I have still not given up on the country in the sense that I still believe—and the National Urban League still believes that integration is a desirable goal, and that means housing integration as well as integration at other levels of operation.

I am afraid today that most of the people in America are convinced that this goal is not going to be attained very soon and, therefore, there must be some sort of short-term alternatives. There are dangers to a short-term alternative.

Senator BAKER. I wonder, though, if the short-term alternative, and I do not make my judgment at this point, but I wonder if the short-term alternative of responding to the desire to maintain, in effect, a black community identity, is not really potentially destructive of long-term objectives? I wonder if that is not the strongest argument against the relocation of replacees in one locality which so often, in fact, is the case?

Mr. FREELAND. Well, theoretically, I agree with you, Senator. The short-term alternative is probably very dangerous to America, but I am a pragmatist. You see, I am a Negro who no longer lives in a black ghetto, and I consider integrated housing to be a rather important part of American life and I would consider it a rather important part of American life for the person who rents as well as the person who owns.

But I know the practicalities and I know about the color tax. Unless we can deal with the practicalities, unless we can reduce the color tax, eliminate the color tax—and Government can exercise a role of leadership in this, so obviously in the private sector where the elimination must occur—unless we can do this, I think we are confronted with the only alternative, and that is mass removal or mass replacement in another ghetto.

Senator BAKER. All right, sir. On the question you touched, Mrs. Jefferies, it occurred to me in the course of your remarks that in the face of the color tax, increased rentals and the like, one general way of overcoming this is to put more emphasis on the assistance that might be given families to purchase rather than to rent. I wonder if you would agree that that is an area that we ought to give more attention to?

Mrs. JEFFERIES. I think so. I think if more could buy, this would help because homes that are for sale are more widespread, I would say, than homes for rent. In the little ghettos like we live, you have little clusters of homes one after another, that rent, or maybe someone owns the bottom flat and rents the top floor, just scattered about, you know, this type of thing.

Senator BAKER. Without getting too far afield, because it is not a legitimate part of this hearing, would you view favorably a program that generally either substantially lessened or eliminated the necessity

for a downpayment and might contemplate some sort of subsidy of interest payments?

Mrs. JEFFERIES. Yes. We do have in our area homes that will be for sale that we have worked to get. Some will be rehabilitated and sold to low-income families with a small downpayment and the monthly payments would only be, you know, so much. And then there are six demonstation homes, and the people are interested in trying to buy, it is wonderful to see. You know, here is something that I can afford to buy. They are applying for these homes and hoping that they will be one of the families. There are hundreds of families applying for less than 20 homes.

Senator BAKER. Do you feel that this approach might have collateral benefits above and beyond the simple matter of accommodating replacees or relocatees in sanitary, safe, decent housing?

Mrs. JEFFERIES. Yes.

Senator BAKER. It might have some effect on the matter of pride and ambition and dignity that are so sought after.

Mrs. JEFFERIES. I think so.

Senator BAKER. I wonder, then, if I am not struggling with the witnesses for a plan that would accommodate staging or planning on a methodical basis for the purposes of relocatees in the progress of highways and urban renewal. There is the pragmatic necessity of providing for them immediately, and as best we can. Generous elements of the desirability of Federal or governmental assistance to homeownership, which would carry with it then the element of discretion for the location of neighborhoods that might not otherwise appear if you build large concentrated housing units to accommodate relocatees should be included in the plan.

I wonder if that is not where we are reaching. I wonder, to put it in the form of a question, would that general format have some general appeal for either or both of you?

Mr. FREELAND. I think it does. I think the Government insurance or the combination of Government and private guarantees which would make available for Negroes housing that could be purchased is an ideal situation. There are a number of matters which are presently before the Congress, and also other matters that are before Congress and before the leadership of the Nation that would point toward this, and I would hope that these would receive approval, and I would hope also that they would be involved in the whole matter of relocation.

It is a bigger part of the solution, more than this particular problem, the solution that you suggest, and I think it is a wise solution.

Senator BAKER. Well, it is more than just this. Of course, we find this problem in areas where you do not have urban renewal and highway projects. I am distressed to find that so often we replace old slums with new slums, and I think there must be a way to overcome this tendency.

I see homeownership as one of the ways, and I wonder if we should not devote more of our attention to making it easier to buy a home.

Thank you, Mr. Chairman.

Senator MUSKIE. Thank you, Senator. Thank you, Mr. Freeland and Mrs. Jefferies. I am sure we could be further enlightened if we could keep you longer, but we have two other witnesses we ought to hear.

Mr. FREELAND. Thank you very much, Mr. Chairman, and Senator Baker.

Mrs. JEFFERIES. Thank you.

Senator MUSKIE. Our next witness is an old friend who has been before this subcommittee before, Clarence Mitchell, director of the Washington bureau of the NAACP.

TESTIMONY OF CLARENCE M. MITCHELL, JR., DIRECTOR, WASHINGTON BUREAU, NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

Mr. MITCHELL. Mr. Chairman and members of the subcommittee, I thank you for this opportunity to appear, and before I get to my statement I would just like to take half a minute to say something which I hope will reach the attention of some who were present yesterday at this hearing. I think the record ought to show that you and Senator Baker were among the Senators who made it possible for this country to have a fair housing law, and you did it in a dedicated, workmanlike way. In some instances things that were in there might not necessarily have been the way you wanted them, but they were there, and I think particularly in Senator Baker's case it ought to be known that he said on the floor that he was interested in getting a certain amendment in, but if he didn't get that amendment he was going to vote for the bill anyway.

Of course, in your case, Mr. Chairman, you were down at the funeral of Dr. Martin Luther King, which certainly you need not have been as a Senator from Maine, but you were there out of your desire to show your feeling and sympathy during a period of great tragedy.

The other thing I would like to say is that I feel very ancient here because the witness who was just before me is from my hometown of Baltimore. Although he is a rich lawyer in Pittsburgh now, he also was one of my wife's Sunday school pupils in our church, and he was one of the first Negroes to be in the 99th Squadron, which was part of the Air Force in World War II.

He, along with others, made us all very proud of them, but interestingly in that period, Negro officers were not allowed admission to the main officers' section for recreation and that kind of thing. He and his associates decided they were going to do what we now call "take direct action." They went on into this place and they faced a court-martial for doing so.

They were in grave danger of being—he was a captain, as I remember, but in any event they were in danger of being court-martialed. We overcame that, of course, but the interesting thing is they went over to Europe and fought for their country. They have come back and are now good citizens. I think it is important in these times to know that the fight for freedom did not begin just yesterday, and there are various ways of carrying it on.

I think also we have got to realize that we must abandon this defeatist attitude of assuming that we are not getting anywhere, and nothing is any good. The fact that you and Senator Baker are here is an indication of the concern of the elected officials for trying to do something about the problems that confront this Nation.

I think the people who are over at what is called Resurrection City are exercising a legitimate American right to petition for redress. I think it is also awfully important for the voice of the concerned group in Congress, like yourself, to reach out there to the Mall so that they can know that they are being heard and some of the things they are down here about are being handled.

Having said that, I will come back to my statement then.

Senator MUSKIE. Thank you very much.

Mr. MITCHELL. Mr. Chairman and members of the subcommittee, I thank you for the opportunity to testify on S. 698. It is my opinion that the purposes of this bill are most important. One of the elements lacking in many programs for the public good is that of consideration of the rights and convenience of the individual.

In the statement of introduction made on January 26 by you, Mr. Chairman, and in the language of the bill, itself, one senses a desire of the chief supporter and his associates to make certain that there is a minimum of inconvenience to the individual and maximum protection of his rights while making changes that will benefit the country as a whole.

I wish to make the following comments:

1. By assuring coordination and cooperation in the use and administration of Federal grants this bill will eliminate a great deal of waste and confusion. However, it should also give assurance that the people of the country will not be forced to sell their homes just because it is possible to save a few dollars by running a highway through the homeowner's living room instead of through some part of town where the costs of land acquisition may be higher or because of arbitrary official actions.

There should also be assurance that those who want to stay in places of business or continue to live in their homes while broad programs of property improvement are underway will have a reasonable opportunity to do so.

A classic example of arbitrary selection of a highway site came to us from Montgomery, Ala., in 1966. The writer of the complaint said that a proposed highway was planned to go through one area of a community but the route was changed, and I quote from his statement: "Go right through the middle of Rev. Ralph Abernathy's parsonage."

The writer of the complaint said a highway official had told him that using that particular route "would get that preacher out of town." Fortunately, the plan was changed so that Mr. Abernathy's parsonage was not taken but other desirable homes of colored persons were taken.

I would like to offer for the record, Mr. Chairman, a telegram which came this morning from Mr. Fred Gray, who is a lawyer in Montgomery, in which he confirms the fact that the original plan would have taken Reverend Abernathy's parsonage, right through his living room. It was changed because of protest, but it still took a large number of very good homes occupied by colored people.

Senator MUSKIE. That will be included in the record.

Mr. MITCHELL. Mr. William R. Morris, director of the NAACP's housing program, has submitted these two examples of indifference to human needs in governmental action that displaces people:

(a) The town of Ossining, N.Y., is the source of major complaint because a State highway program threatens to force approximately one-third of the Negro population to move. He says relocation housing is nonexistent. The town's Workable Program for Community Improvement expired in 1964. The housing authority is defunct and exists only on paper. If the program proceeds, these people must leave the town to locate other housing.

The second illustration is: in Dunkirk, N.Y., complaints are being received that families are forced to move because of building code violations in rental property. There is no relocation housing available. The city has an urban renewal program for the downtown area. There is no public housing available. The town wants to locate a project in the Negro neighborhood where overcrowding of the school has already resulted in busing of children. He is pressing for scattered site housing which Senator Baker indicated might be desirable and plans are at a standstill.

Last year we received a complaint from South Carolina indicating that a number of colored farmers were being forced to sell their land. Some of them were elderly and had no means to locate elsewhere. Upon investigation it turned out that the Government was expanding a wild bird sanctuary. Although this is a very fine project for preserving wildlife, it would seem that some arrangement could be worked out under which persons living in the area might be allowed to remain if they preferred to do so.

As I understand it, the Department of the Interior sometimes works out arrangements of this kind, but this possibility for being allowed to stay was not revealed to the persons who were being displaced.

In that connection also, Mr. Chairman, I would like to offer for the record an exchange of correspondence on this matter which substantiates the fact that it was for a wildlife preserve and, in fact, this significant paragraph is in it:

> Although the title to these lands is now vested in the United States, the Bureau of Sport Fisheries and Wildlife is permitting the owners to farm the land during the 1967 crop year and the present occupants to remain on the land until they can make arrangements to relocate, but not beyond December 31, 1967.

That letter is dated February 17, 1967. I just cannot for the life of me see how it is going to hurt the birds to have some people live on the land after the Government improves it, and I cannot understand why in making these plans Interior or other agencies would not do as your bill suggests, take into consideration the effect it is going to have on humans who are in the area.

Senator MUSKIE. That correspondence will be included. Now, that date is in the past. Do you know what has happened?

Mr. MITCHELL. I do not, except that the date of cutoff has been reached and I assume that they are no longer there. I tried to get one of them on the phone this morning, or at least a person who knows about it on the phone this morning, and I was unable to reach him, so I could not get it up to date, as I did on the Mongomery situation.

Mr. MITCHELL. In reading the bill I have the impression that there is a need to make some of the safeguards mandatory and this is one reason why I suggest this: for example, I would change the word "should" in line 19 on page 52 to "shall."

On page 50, I would reword lines 17 through 23 by eliminating the phrase, "if consistent with project requirements." I would add a provision requiring absolute assurance of rehousing before displacement. I would include the same protection in lines 22 through 24 on page 56.

2. The bill contains a number of suggestions on assisting homeowners, tenants, and owners of small business in getting out of the areas that are to be used for various kinds of improvement. As I have said before, in some instances "should" is used. It is my opinion that the word "shall" is necessary. For example, line 8 on page 50 and lines 5 and 9 on pages 52 seem inadequate for protection of some persons.

Also, I think that we need to give more attention to the possibility of allowing owners to stay in some areas that are being improved. For example, the construction of an underpass and the widening of the 100 block of Massachusetts Avenue, Northwest, in Washington have caused a considerable amount of demolition that has adversely affected the businesses in the area.

In one case, the owner of a drugstore has been in the community for many years. His property is obviously valuable. It would seem that every consideration should be given to making it financially attractive for this kind of businessman to stay and benefit from whatever improvement there is in the area.

I might say that my knowledge of the potential value of that property comes from the fact that our office for many years was located at 100 Massachusetts Avenue, and at the time we first became tenants we could have purchased it for $14,000, but we do not like to own property as an organization and did not purchase it. Subsequently, it was sold to someone on the death of some of the owners for $30,000, and it is my understanding that the last sale of the property amounted to something in excess of $70,000.

Now, it seems to me that somebody must realize that is going to be a very valuable spot. The drugstore to which I refer is in that same general area, and it seems to me something ought to be done to see that a businessman like that can stay in the area if he wants to stay there. Fortunately, he is still holding out. I do not know how long he will do it, but in any event, I think we should not leave it to chance. I think legislation ought to guarantee it.

A filling station operator in the area finally gave up his business because the roadway construction severely reduced the volume of his trade. In that case a little assistance might well have permitted him to hold on until the work was completed. At that time the location will be excellent.

When this construction started, it was difficult for people to get into his station and he tried to hold out as long as he could, but eventually he had to give up and somebody else took it over.

On the whole, S. 698 contains safeguards that would correct the worst kinds of abuses that now afflict those who are displaced by various public projects or Government assisted private programs. However, there are some serious problems which are not covered by the relocation provisions of title VIII. For example, the proviso beginning on line 22, page 36, does not seem to help the homeowner who will not get enough money from the sale of his dwelling to permit him to buy in a different area.

You may know a Mrs. Murphy who was in the same kind of a situation I have just mentioned. Well, I know a Mrs. Perkins who is in the same kind of a situation that I have just mentioned. She is a lady who I guess is about 70, owns a little two-story house in a neighborhood which is not too attractive, but her home is well taken care of and very nice. When the urban renewal gets into that area and buys her house, even if she gets as much money as the bill makes it possible for her to get, it will not be enough for her to move to another home and become an owner, which means that this elderly lady, who has all her life been an independent homeowner and taxpayer, will not be able to do it unless we find some way to make more money available.

Senator MUSKIE. The administration testified, I think it was last week, recommending that up to $5,000 be available in addition to the fair market price to cover just this kind of situation.

I take it you would be receptive to that suggestion.

Mr. MITCHELL. Indeed, I would. I think that up to $5,000 in that situation might very well be adequate. I would say that a comparable dwelling, a dwelling comparable to the kind she now occupies, probably would cost in that market at around $8,000 or $9,000, which would mean that she would get her price from the Government and presumably up to $5,000 in addition. There might be a little left over that is not taken care of.

But I have another suggestion in here that might fill that gap.

Senator BAKER. If the chairman will yield, and Mr. Mitchell will permit, there is also testimony taken at those hearings that consideration should be given to the test of replacement value as distinguished from fair market value of the facility taken. It seems to me that that may be a more equitable approach to the matter than the allocation or the allowance of an arbitrary additional "moving cost." Once again, I have an open mind on this but I think we have got to recognize the fact that in the case of involuntary displacement the replacement is the significant cost rather than the fair market value of the property taken, and some consideration should be given to it.

Mr. MITCHELL. Oh, I think that is so true. There was a case here in the Washington area where an elderly gentleman owned some property that was needed by private development and he held out, even though he just had a little shack, so he got, I think, nearly $100,000 in the end. Well, if we were in a private operation, obviously, the owner could hold out and get what he wanted.

I think, as you have indicated, that equity would suggest that we do something which at least makes it possible for the displaced person not to suffer because he gets the fair market value of his house, but cannot purchase a similar place for that amount elsewhere. Also——

Senator HANSEN. Mr. Chairman, if I could interrupt, let me say first of all that I am very much interested in your testimony, Mr. Mitchell. I might add, parenthetically, I subscribe to the statement made by Senator Baker. It seems to me that that is the test that should be applied, and not the application of the fixed amount on top of what otherwise might be available.

But if we are thinking about trying to put a person back into the status that he was in prior to the exercise of the rights of eminent domain, I think we have got to be concerned with the replacement. On that basis, have you any idea as to the impact that these programs

have had insofar as placing a person in a position to go out and to acquire the property so to be in substantially as good a position as he was prior to the taking?

Mr. MITCHELL. I would say, Senator Hansen, that I do not know of any case where an individual has moved from a dwelling because of urban renewal or redevelopment or some other kind of a program and has been able to get enough money as a result of the sale to purchase free and clear another place to live or conduct a business, so that, so far as I know, and admit I do not know the whole story, but I do have some extensive first-hand knowledge, I do not know of any instance where an individual has been put in the same position that he was as to occupancy and ownership after he has been displaced, even though he has received compensation.

Senator HANSEN. I just have one further question. I suspect that a person having to make this transition, having been forced against his wishes to sell his home or his business, would find that he is also confronted with a number of other costs when he tries to reestablish himself in another area—the cost of moving his family, his furniture, and trying to build up a new clientele.

I think it would be helpful to the committee if we had some reading based upon an accumulation of experiences that would spell out all the problems confronting people who are forced to move. Would you not share my feeling on that, Mr. Chairman?

Senator MUSKIE. Yes, to the extent that that information has been accumulated and is analyzed.

Senator HANSEN. Whatever there is, and I have no way of knowing, but I think it would help to present a total picture for us.

Mr. MITCHELL. I agree, Senator Hansen. I would think it would do two things: first, it ought to be in the hands of the various Government agencies who have been handling these transactions, and if it is not in their hands it means that they have not been giving the people the service they ought to have given. If it is in their hands, I think it will show pretty much what I have said, and it would be a very reliable figure.

It might cause a lot of people to understand, again, the importance of this bill. So I hope ——

Senator MUSKIE. I would have my doubts that there is available in Government agencies anything that would reflect the statement you have made, Clarence, that you cannot recall an instance in which anyone has been made whole.

If any Government agency had such a document and statistic, it simply has been remiss in not presenting it to the Congress before.

Senator BAKER. Mr. Chairman, may I say in that same general respect, I have an idea that the administrative agencies of the Government could supply this information. The Government could supply information on the practice of making one offer for the acquisition of the property, and then reducing that offer if the landowner elects to litigate. It seems to me that the Government is dealing in a most cavalier manner in situations when, say, an arbitrary amount of $10,000 is offered for voluntary acquisition, the landowner does not accept it, and they reduce the offer or the tender to say, $6,000 upon going to court.

This certainly is not in keeping with the idea of the equitable effort to make the displacee whole. Now, I wonder if the chairman would be willing to ask appropriate agencies to supply us information to the extent of that practice. I know of my own knowledge that it does exist.

Mr. MITCHELL. I do, too.

Senator BAKER. I would be very interested in finding out how extensive it is in those concerned with highway projects, with urban renewal projects, with other projects, including the Corps of Engineers, not to single them out specifically, but along with others who are involved in the acquisition of properties and the displacement of people by eminent domain.

Senator MUSKIE. I think there are probably other lines of inquiry that could accompany the two you two Senators have suggested, and I would ask the staff to do that with the Department—I do not know to what extent the Department of Transportation might have documentation of the practices of the various State highway commissions, but to the extent that they are in a position to provide information we ought to explore it along these lines and others that occur to you.

Senator BAKER. I am sure, Mr. Chairman, that they do have because they reserve the right to pass on the transaction the amount of the original tender offered and the amount of money actually tendered in court according to various procedures for eminent domain. I am certain those two are available, and I think that might give us some reasonable information on the picture.

Mr. MITCHELL. I think that would be true of many of the States and cities also and, probably, to a much worse degree than the Federal Government.

Senator MUSKIE. I had not thought of it, but I do not think that I would be disposed to quarrel at all with the general statement that you have made. Senator Hansen?

Senator HANSEN. It could be that this additional facet of interest has already been explored. But if it has not, what are the rules and guidelines that apply in the passing of title with the exercise of eminent domain insofar as tax liability is concerned? Are there certain times within which a reinvestment can be made? Has that question been explored?

Mr. MITCHELL. There is a provision in this bill which I believe is designed to try to meet that problem in that the extra amounts which are given are not to be considered as taxable income. I do not recall the section, but I assume that is what the framers of the legislation had in mind.

Senator HANSEN. Does it make any difference whether or not that award is reinvested in other income-producing property on a whole?

Mr. MITCHELL. There is a requirement, as I recall, that it must be in property where you acquire the fee, or a 99-year lease, and that either is a home in the case of a homeowner, or a business in the case of a businessman, as covered by this bill, which I think is a very good provision.

Also the "substantial economic injury" clause in lines 20 and 21 on page 40 may well prevent many small operators from getting the kind of assistance they would need in a new area. Elderly and even

some middle-aged homeowners and small business operators may have difficulty getting funds to make improvements required as a condition of remaining in an area of renewal or public improvement.

And here is that suggestion, Mr. Chairman, I referred to which I think might fill a gap between the $5,000 conditional sum and the amount that the individual is able to get himself.

I would like to suggest consideration of establishing a revolving fund capable of making high-risk, long-term, low-interest loans to such persons. It is my opinion that such a fund would require a Government subsidy but it would be better to spend for this kind of program than to convert a former homeowner into a renter or to change a small businessman into a relief client.

3. The bill's provisions for identifying and policing Federal moneys going to the States are very much needed. I note that in the bill it is permitted that the State need not set up a separate bank account for these funds. I do not know whether there is any fiscal reason for that, but I certainly would hope that if it did not have a separate bank account for these Federal moneys there would be some way of keeping them clearly separated from State funds in some kind of a separate account.

One hears a great deal about how much the Federal Government is taking from the States, but little about what is sent back. In addition, it is very difficult to get an accurate rundown on just how much Federal money comes into a State and the purposes for which it is to be spent.

The States should be required to make this kind of information readily available to the public at all times. The State should be required to publish that amount of money, the purposes and that sort of thing at least once a year in some kind of a publication where people would see it. The people of our country should know as much as possible about the programs that are financed by the Federal Government.

In some communities it is very hard to get information. Last week, for example, I received a call from Mississippi that residents in a place called Senatobia—I do not know whether that is a spot for Senators or not—but in any event, they were being asked to sell their property for a federally assisted program, but they did not know what the program was.

Unfortunately, it is typical that officials of some communities do not believe that people affected by public programs have a right to know all the facts.

4. The bill provides for technical assistance. This is especially important among persons who have good intentions and great dedication, but no particular experience in carrying out certain programs. At times it seems that the supply of technicians is not keeping pace with the need for such services. I believe that we must give more thought to developing a supply of technicians in all fields.

I also believe that there must be some way of resolving conflicting advice which persons receive from the Federal Government. Not long ago I was asked to intervene in a dispute over use of the waters of the Chesapeake Bay for sewage disposal. Apparently, this involved at least three different agencies. To some extent they gave conflicting views on whether use of the Bay would result in a health hazard to beachfront property.

With the great stress on cleaning up waterways, it is difficult to see why any agency of the Federal Government would assist in making the Chesapeake Bay a part of a sewage disposal system but apparently this is what happened. The experts also decided that it would not be a health hazard to beaches. I was unable to make a copy of this, Mr. Chairman, but I would appreciate, with the committee's permission to offer for inclusion in the record, wherever you think it is appropriate, a release dated March 9, 1967, from the Department of the Interior, stressing the importance of cleaning up estuarine waters, and of course the Chesapeake Bay is a body of water with salt and fresh water.

As one of the things as a hazard in the area, they want especially to avoid pollution of coastal areas by dumping in these kinds of things.

Senator MUSKIE. That will be inserted in the record.

Mr. MITCHELL. Thank you.

The fifth point is, there is a great need for coordination of programs in order that those who are supposed to benefit from them get the maximum possible service. A few nights ago I visited a very excellent home for elderly persons. It was built with Federal aid. At a late hour one of the residents decided she would take her dog for a walk.

As I observed the neighborhood, it offered a potential hazard even to a physically fit young individual but there were no policemen in sight. It would seem to me that when such projects are built, there should be some kind of planning that will insure adequate security. This could be done by agreements with the local police forces or making additional funds available for the training and hiring of individuals who would give adequate protection to person and property in such cases.

There must also be some assurance that the nonconforming uses which cause neighborhoods to deteriorate do not come back in after rehabilitation.

When former Senator Douglas conducted hearings in Baltimore, one witness testified as follows:

> I served on a municipally appointed committee to study the correlation of the excessive number of liquor outlets in the center city with residential blight, slums, and deterioration of residential neighborhoods. We spent over a year making a study for the benefit of the Mayor, the Liquor Board, and the Urban Renewal Agency. We found a high correlation between the number of liquor outlets and residential blight.
>
> In Harlem Park, our committee found not only an excessive number of liquor outlets, but an oversaturation. There were 36 taverns and liquor outlets in 32 residential blocks. Now, this seems to me that that is just a little bit too much public convenience,. when you can get a drink at every block, and maybe you get too many.
>
> Further, we found that most of these liquor outlets were nonconforming commerical uses on the first floor of residential buildings.

Recently, the same witness developed information showing that land cleared for redevelopment was also being used to bring in businesses that did not belong in residential areas. In one case, a home for the elderly is being built under the auspices of a church and a fraternal order. At the same time, an adjoining parcel of land is to be used for a night club.

We must develop some Federal standards which will be safeguards against local planning which defeats the broad purposes of redevelopment and renewal. Although I strongly favor local level

initiative, I think we must be sure that we avoid the kind of local pressures which undoubtedly cause blight and deterioration in areas we are trying to save.

Now, Mr. Chairman, we in our organization have been willing to spend money to try to protect neighborhoods against blight, and I will offer for the record the case of the *City of Baltimore, The Schneider Bedding Company* v. *The National Association for the Advancement of Colored People*, which was in the Maryland Court of Appeals January 22, 1960.

In this case, we are face to face with the kind of problem that individuals must meet in local communities. It involves a residential area that was not high class, but the people living there were happy, some were homeowners, and that sort of thing.

The Planning Commission of the city said that a petition to build a mattress factory next door to one of their residents should not be granted, but the zoning board said that it should be granted, and the city council subsequently approved the zoning board's position, with the result that unless the persons involved had carried that matter to the court of appeals, the property would have been used for a factory. Well, it costs money to go to the court of appeals, but we spent it, and the case was won there, with the court holding that this came under the arbitrary capricious administrative rule, and that it was not proper for the city council to have approved use of the property as a factory, especially since the Planning Commission had said that it was not the thing to do.

Well, that kind of experience is what many people who live in these blighted areas have to face all the time. They either put up with the blight or they spend their money to get redress in court.

Now, your bill reaches into that matter and I hope that we will have some pretty firm standards so that when we clean up these places and try to make them better for individuals, that we will not have somebody coming in with a junkyard or a nice go-go dance operation—not that I have anything against those. I am not sure I know what they are, but the fellows who have the go-go dance places and the junkyards and the things of that sort usually have a lot of political influence locally, and they can get into the nicest neighborhoods through using that influence.

I think if we are going to spend Federal money, we ought to be sure that we do not get either these exotic or more pedestrian types of deviations from zoning into the residential neighborhoods.

Senator MUSKIE. Thank you very much, Clarence. We appreciate having your testimony.

(The documents and correspondence above referred to by Mr. Mitchell, follow:)

CLARENCE MITCHELL,
NAACP, Washington, D.C.:

Several years ago the Alabama Highway Department was considering the route for Interstate 85 from Ann Street west to the downtown area in the city of Montgomery, Ala. The initial plan calls for Interstate 85 to take an area which would have included the parsonage of First Baptist Church, the church where Dr. Ralph D. Abernathy was the pastor. After a substantial protest, the route was changed so as to exclude the parsonage of the First Baptist Church, however, the route still included a substantial number of residences of Negroes, which residences were some of the best Negro residences in the city of Montgomery. There was a great deal of protest to this route suggesting that an

alternate route be taken, which alternate routes were known as the "northern group" or the "middle routes," however, the area finally selected as the area that took many fine Negro residences notwithstanding the alternate route which, in the opinion of many, were less expensive and would have preserved some of the finer Negro residences in the city of Montgomery.

D. GRAY,
Montgomery, Ala.

FEBRUARY 28, 1967.

Mr. BILLIE S. FLEMING,
President, NAACP, Manning, S.C.

DEAR BILLIE: I have tried to reach you several times on the telephone concerning the attached letter which was sent by Charles F. Luce, acting Secretary of Interior.

I have discussed with the Department of Interior the suggestion that the families can remain on the land until December 31, 1967. I understand that in some cases the Department of Interior gives permits for persons to continue to occupy land which has been taken by the Government. Some of these permits are for a five year period subject to renewal at the end of that period. I would suggest that you may want to check this possibility if the residents are interested in staying for a period longer than one year. I will be glad to continue to work on this end, but I believe that the interests of the parties will be protected best if they are represented by a lawyer in South Carolina.

Sincerely yours,

CLARENCE MITCHELL,
Director, Washington Bureau.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 17, 1967.

Mr. ROY WILKINS,
Executive Director, National Association for the Advancement of Colored People, New York, N.Y.

DEAR MR. WILKINS: This is in reply to your telegram of February 10 concerning a displacement of Negro families from land acquired for the Santee National Wildlife Refuge in Clarendon County, South Carolina, which is administered by the Bureau of Sport Fisheries and Wildlife of this Department.

This land is being acquired to complete an existing national wildlife refuge established for the conservation of the migratory waterfowl resource. Our information is that nine families reside on the property. The Bureau of Sport Fisheries and Wildlife has been negotiating for the purchase of this land for many years. The land was acquired by condemnation with a Declaration of Taking and notice of this action was served on the owners and occupants on February 7, 1967.

Although the title to these lands is now vested in the United States, the Bureau of Sport Fisheries and Wildlife is permitting the owners to farm the land during the 1967 crop year and the present occupants to remain on the land until they can make arrangements to relocate, but not beyond December 31, 1967.

The Bureau of Sport Fisheries and Wildlife will post the land and manage the wildlife, but this activity should not interfere with farming operations.

Sincerely yours,

CHARLES F. LUCE,
Secretary of the Interior.

[News release from the Office of the Secretary, for release to P.M.'s Mar. 9, 1967]

INTERIOR DEPARTMENT ENDORSES LEGISLATION TO PROTECT ESTUARIES

Enactment of legislation authorizing the Department of the Interior to "preserve, protect, develop, restore, and make accessible estuarine areas of the Nation which are valuable for sport and commercial fishing, wildlife conservation, recreation, and scenic beauty" has been recommended to Congress by the Department of the Interior.

In responding to a Congressional request for the Department's attitude regarding authorizing legislation, Dr. Stanley A. Cain, Assistant Secretary for-

Fish and Wildlife and Parks, said that such a law would focus attention on the Nation's valuable estuarine areas and provide a reasonable means for protecting and developing these areas.

"Estuaries are places where salt water meets fresh water," Dr. Cain said. "These marginal sea and land complexes make the estuarine areas a habitat rich in many valuable natural resources. At least 65 percent of our Nation's commercial fish and shellfish resources and most of our marine sport species inhabit the estuarine environment during all or part of their life cycle.

"Many of our valuable waterfowl use these areas as nesting and wintering sites. Estuarine areas attract recreationists for swimming, boating, bird watching, hiking or just an opportunity to enjoy the beauty of natural resources along coastal areas. It is such areas we wish to protect and preserve."

Basically the proposed legislation directs the Secretary of the Interior to conduct a thorough nationwide study to identify the estuaries of the country that need some form of protection or, in some cases, restoration. Following this identifying study, a more detailed look, probably on a regional basis, would determine which areas should be preserved, protected, or restored.

The detailed studies would consider estuaries from a standpoint of economic and recreational potential, ecology, present use, need for present and future urban and industrial development, the effect of such development, the effect of pollution on fish, wildlife, water supply, and waterpower, and the effects of dredging and filling.

A total of $4.5 million would be authorized for these studies.

The legislation calls for State, Federal, or local government acquisition of estuarine areas that cannot be appropriately preserved by permits governing dredging and filling, local zoning laws or other legal methods.

The bill provides that State hunting and fishing laws will apply to estuarine areas administered by Interior, except in certain situations of conflict, such as public bathing beaches or other heavily used recreation areas.

One of the bill's most far-reaching aspects is a section prohibiting dredging, filling, or excavation work in an estuary or in the Great Lakes and connecting waterways without a permit issued by the Interior Department. At present, permits for such work are issued by the Army's Corps of Engineers which is charged with the responsibility for protecting navigation. A double permit system to protect navigation, plus the natural values of estuaries, would go into effect with enactment of the legislation.

And another section of the proposed legislation is designed to prevent pollution of coastal areas by governing dumping in estuarine areas or the Great Lakes.

In his letter, Dr. Cain emphasized that the bill is not designed to set up a system of "locked up" Federal areas.

"It is intended to provide protection where protection is clearly needed," he said. "We believe that this legislation, with these features, is timely and realistic and urge its enactment."

CITY OF BALTIMORE, SCHNEIDER BEDDING COMPANY ET AL. *v.* NATIONAL ASSOCIATION FOR ADVANCEMENT OF COLORED PEOPLE ET AL. 221 Md. 329

(*No. 87.*)

COURT OF APPEALS OF MARYLAND, JAN. 22, 1960.

Zoning case. The Circuit Court No. 2 of Baltimore City, Joseph L. Carter, J., held rezoning ordinance void, and enjoined utilization of rezoned property for any use not permitted immediately prior to enactment of rezoning ordinance, and an appeal was taken. The Court of Appeals, Horney, J., held that since there was no proof of a basic mistake in original zoning or of a substantial change in character of neighborhood, rezoning was improper.

Affirmed.

1. Zoning

Even though it seemed clear that associations were not proper parties to zoning case, where no objection had been raised below, and there were several parties plaintiff who were property owners, reviewing court would not consider objections to associations' being parties.

2. Municipal Corporations

Whenever validity of zoning classification is fairly debatable, legislative judgment should be controlling.

3. Constitutional Law

There is presumption in favor of validity of legislative enactment.

4. Municipal Corporations

Presumption in favor of validity is stronger in original zoning or comprehensive rezoning cases than it is in instances of piecemeal rezoning.

5. Municipal Corporations

It is not function of court to zone or rezone but only to determine whether legislative body has properly applied law to facts; but when there is no basis for reasonable debate, or there are no supporting facts in record, court can, and indeed should, declare legislative action to be arbitrary, capricious, discriminatory or illegal.

6. Municipal Corporations

There is a presumption that rezoning was reasonable; but in piecemeal rezoning cases there is also a counterpresumption that original zoning was well planned and designed to be reasonably permanent; and such counterpresumption may be overcome only by showing either error in original zoning or change in character of neighborhood; and unless one or the other, or both, is shown, presumption of reasonableness is destroyed.

7. *Injunction*
Zoning

Where there was no proof of a basic mistake in original zoning or substantial change in character of neighborhood, question of validity of ordinance rezoning property was not even debatable, and rezoning was properly set aside; and since rezoning ordinance was invalid, injunction to restrain use pursuant thereto was also proper.

8. *Injunction*
Zoning

Adjacent property owner had standing to attack validity of rezoning ordinance and to seek injunction against use of property for any purpose other than that permitted immediately prior to enactment of rezoning ordinance.

Marvin Mandel and Stanford H. Franklin, Baltimore (Mandel & Franklin, Harrison L. Winter, City Sol., Ambrose T. Hartman, Deputy City Sol., James B. Murphy, Asst. City Sol., Baltimore, on the brief), for appellants.

Linwood G. Koger, Jr., and Charles J. Josey, Sr., Baltimore (Juanita J. Mitchell, Baltimore, on the brief), for appellees.

Before Brune, C. J., and Henderson, Hammond, Prescott and Horney, JJ.

Horney, Judge.

This is another zoning appeal. In this instance, when the Circuit Court No. 2 of Baltimore City declared Ordinance No. 1612 of the Mayor and City Council of Baltimore (the City)—approved December 19, 1957—null and void and enjoined the Schneider Bedding Company (Schneider) and others from utilizing the property rezoned by the ordinance for any use not permitted immediately prior "to the enactment of the ordinance," the City and Schneider appealed.

Ordinance No. 1612 (the ordinance) purported to amend Sheet No. 45 of the Use District Map [Baltimore City Code (1950), Art. 40, entitled "Zoning," as revised by Ordinance No. 711, approved May 21, 1953], by changing the property known as 511-519 Wilson Street (the rezoned property), from a "Residential Use District" to a "Second Commercial Use District." While it was pending before the City Council, the ordinance, as required by law, was referred to the City Planning Commission (the Commission) and the Board of Municipal and Zoning Appeals (the Board) for their reports and recommendations. The Board recommended passage of the ordinance on the ground that the proposed change of use "could not adversely affect the neighboring properties." On the other hand the Commission unanimously disapproved the ordinance on the ground that to allow a second commercial use in the residential use district in question "would not be to the best interest of the community and would be to the sole benefit of one property," and urged that "this spot use change" be not adopted. The City Council, after a hearing on the legislation, disregarded the recommendation of the

Commission and adopted the report of the Board. The Mayor approved the ordinance passed by the Council.

[1] Alleging damage to their respective properties and seeking declaratory and injunctive relief, this proceeding was instituted by a group of property owners in the neighborhood of the rezoned property as residents, citizens and taxpayers of the City of Baltimore. The National Association for the Advancement of Colord People (N.A.A.C.P.) and a residential protective association were also joined as parties in the bill of complaint. While it seems clear that these associations were not proper parties, no objection was raised below and we shall not consider it here since there are several parties plaintiff who are property owners. See Southland Hills Improvment Ass'n of Baltimore County v. Raine, 1959, 220 Md. 213, 151 A.2d 734.

The evidence shows that prior to the passage of the ordinance the rezoned property was subject to a lawful non-conforming use in a residential zone. It had been used as a repair shop and garage for the storage of trucks, gasoline and oil for over thirty years. Surrounding the rezoned property there are a number of other non-conforming uses. In the same block as the rezoned property there is a coal yard, an automobile repair shop and a manufacturing plant, all of which are second commercial uses, and a laundry, a restaurant, a bar and a funeral home, which are first commercial uses. The entire frontage on the north end and south side of the 500 block of Wilson Street is 655 linear feet, of which 414 feet is used commercially. Since the original zoning, the Board [of Zoning Appeals] has permitted a change of non-conforming use and granted an exception with respect to 514–516 Wilson Street, which is directly opposite the rezoned property, and had been used as a photography school. Recently a special exception was granted to use the same premises as a plant for the processing, finishing and assembling of precision parts, which is a second commercial use. The property immediately to the rear of the rezoned property is zoned first commercial. Pennsylvania Avenue, approximately one block away, is entirely zoned for second commercial use.

In addition to the above undisputed facts, there was also testimony by real estate experts, on behalf of the City and Schneider, to the effect that the rezoning would not adversely affect the surrounding properties or cause deterioration of the neighborhood because the area was already heavily commercialized, and that any change in use would be an improvement since the rezoned property could not be used for residential purposes. But there was no evidence of error in the original zoning or of a substantial change in the character of the neighborhood since the original zoning other than the granting of the special exception. On the contrary, although they produced no expert witnesses there was testimony by the protesting property owners to the effect that they had consistently endeavored to preserve the residential character of the neighborhood, that the rezoning would seriously affect the enjoyment and value of their properties for future residential use, and that the restricted and actual use within the residential use district—despite the existing non-conforming uses and the sole special exception—was still predominantly residential as it has always been since the inception of zoning in Baltimore City.

The City and Schneider contend (i) that the lower court was without authority to substitute its judgment for that of the legislative body since the question of validity was fairly debatable and the protesting property owners had presented insufficient evidence to overcome the presumption of validity; (ii) that the property owners offered no proof that they had suffered special damages which differed in kind and character from that suffered by the public generally; and (iii) that it was error to admit into evidence the prior actions of administrative agencies not empowered by statute to zone or rezone.

(i)

[2–4] The courts have long recognized the general rule that on a review of zoning and rezoning ordinances the function of reviewing court is restricted and that such court may not substitute its judgment for that of the legislative body. On the contrary, whenever the validity of a zoning classification is fairly debatable, the legislative judgment should be controlling. Missouri Realty, Inc. v. Ramer, 1958, 216 Md. 442, 140 A.2d 655; Wakefield v. Kraft, 1953, 202 Md. 136, 96 A.2d 27; Village of Euclid, Ohio v. Ambler Realty Co., 1926, 272 U.S. 365, 388, 47 S.Ct. 114, 71 L.Ed. 303.[1] Moreover, there is a presumption in favor of the validity of the legislative enactment. Kroen v. Board of Zoning Appeals, 1956, 209 Md. 420, 426,

121 A.2d 181, 184; Wakefield v. Kraft, supra. But the presumption is stronger in original zoning or comprehensive rezoning cases than it is in instances of piecemeal rezoning. Missouri Realty, Inc. v. Ramer, supra.

[5–7] While it is true that it is not the function of a court to zone or rezone but only to determine whether the legislative body has properly applied the law to the facts, it is, nevertheless, also true that when there is no basis for reasonable debate or there are no supporting facts in the record, a court can—and indeed it should—declare the legislative action to be arbitrary, capricious, discriminatory or illegal. Eckes v. Board of Zoning Appeals, 1956, 209 Md. 432, 437, 121 A.2d 249, 251; Wakefield v. Kraft, supra, 202 Md. at page 142, 96 A.2d 27. It is commonplace to say that if there are no facts to support the action of the legislative body then there is no question to debate, but that is exactly the situation which confronts us in this case. There is, of course, a presumption that rezoning was reasonable, but in piecemeal rezoning cases there is also a counter-presumption that the original zoning was well planned and designed to be reasonably permanent which may be overcome only by showing that either there was error in the original zoning or there has been change in the character of the neighborhood, and unless one or the other, or both, is shown the presumption of reasonableness is destroyed. Zang & Sons, Builders, Inc. v. Taylor, 1954, 203 Md. 628, 102 A.2d 723. See also American Oil Co. v. Miller, 1954, 204 Md. 32, 102 A.2d 727.

Senator MUSKIE. Senator Baker, Senator Hansen?

Senator BAKER. I have nothing further. I thank Mr. Mitchell for his previous answers and thank the Chairman for letting me interrupt.

Thank you very much.

Senator MUSKIE. Thank you very much.

Now, our first witness of the day has finally torn himself away from the floor, and we are delighted to have Senator Tydings here this morning.

TESTIMONY OF HON. JOSEPH D. TYDINGS, A U.S. SENATOR FROM THE STATE OF MARYLAND

Senator TYDINGS. Thank you, Mr. Chairman.

Distinguished members of the Senate Committee on Government Operations, I appreciate your committee allowing me to testify this morning in favor of my amendment to title VIII of the intergovernmental cooperation bill. I ask permission to have my statement inserted in the record in its entirety.

Senator MUSKIE. Yes, it will be.

Senator TYDINGS. Mr. Chairman, when I went to the University of Maryland Law School, the law school was located down on Redwood and Greene Streets. It was somewhat of a blighted area. There were a few small stores, and one restaurant where most of the law students used to eat, and one little candy store which served not only candy, but some groceries, newspapers, and a lot of us used to stop in there.

The proprietors were elderly people, husband and wife, 65, 54, somewhere in that area, and all of the students enjoyed them, and they made a living down there—not much, but enough, and that was their life. This area was selected as a principal urban renewal area for Baltimore City. If you happen to be there now, you will see that there is a new law school, new nursing school, new annex to the hospital, new school of sociology. It is a beautiful addition to the city.

But in the course of it, this little store was condemned. Now, the elderly couple didn't own their place of business, they rented it. They

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[1] Metzenbaum in his work on Zoning says that this was the first zoning case to reach the Supreme Court of the United States. 1 Metzenbaum, Law of Zoning, p. 57 (2 ed. 1955).

were tenants. So, they got no compensation by way of condemnation. Their business, which they had built up over a lifetime, small as it was, was destroyed. They could not relocate anywhere.

That whole area was taken. Their business was tied up with the University of Maryland Law School, Dentistry School, the Nursing School, the schools in that area.

Now, the purpose of my amendment to title VIII is to cover that specific type of hardship where you have tenants or lessees in an urban renewal area, where they are elderly people of 50 years or older, where they are not high-income earners, where their net income per year is less than $10,000.

I just think that to turn them loose and give them $5,000 after destroying their business and destroying their lives, is unconscionable. My proposal to you, gentlemen, is that you provide additional compensation within rigid, designated, specified cases. Where the parties are tenants, where they are over 50, where they have averaged less than $10,000 a year over the last 3 years, I propose that they receive three times their average net earnings for the past 3 years.

For instance, if the net annual earnings had averaged $6,000 for this elderly couple, and I think it might have been that much, they would be entitled to receive $18,000.

Now, that, I think is only fair compensation. One of the tragedies of these urban renewal areas and the Federal highway projects, and others, is the failure to really compensate the poor and the helpless who are overrun. I can tell you stories about highway relocation in Maryland that are just tragic. In Baltimore City, I know of a person who bought a house 18 years ago for $7,500 or $8,000 and paid off most of his mortgage of $7,000 over those 18 years; then the notice of condemnation went out.

People left the area and then 2 years later the State roads acquisition agent came and advised him that he would be given fair market value, and there were not many willing buyers in that area. He got $1,100 for a house he paid $8,500 for, and he still had almost that much left in the mortgage.

This whole area which we are looking into is one which really needs study, and my "Ma and Pa" amendment, as I call it, would correct one specific kind of injustice that has been a by product of urban renewal. I have been working on this now for 4 years, since I have been in the Senate, and it is a rather simple measure. Furthermore, I do not think it would be an expensive amendment.

HUD has indicated there would not be more than 1,000 businesses a year at the most who would be eligible. As I indicated to you, the criteria again as follows: the proprietor of the business would have to be a tenant, not an owner, would have to be 50 years of age or older, his average annual net earnings for the preceding three years would have had to have been less than $10,000 per year, his business would have had to have been of such character that he could not be relocated without substantial loss of his existing patronage. For a person who meets these criteria, the compensation would be three times his average annual net earnings for the period preceding the condemnation.

So, I am very delighted that you would take time to hear me, Mr. Chairman.

Senator MUSKIE. Thank you very much, Senator.

I think it is clearly a case for concern and I could not say that your solution to it is inequitable. I gather that the Budget Bureau is now opposed to it, but we will look at it, nevertheless.

Senator BAKER. Mr. Chairman, may I say a word in that respect. I agree that Senator Tydings addresses himself by this amendment to an area of real inequity and difficulty. I wonder, however, if we should entirely limit our consideration to the "Ma and Pa" aspects of it, because in my own experience I have seen young people just beginning and commencing in business who frequently are tenants and who are completely destroyed from a business standpoint because they do not happen to have a lease for a term of years or, as we lawyers say, any other freehold interest in the property.

I wonder if we should not give some thought to a change by this bill in the basic eminent domain relationship so that the court might hear proof on the probability of the tenant being permitted to remain in that location and then apply the general rules of capitalization of his reasonable expected profits, because I think that, really, is the underlying issue. The real issue is what under ordinary circumstances could a person expect to make in the reasonable time that he could be expected to remain in that location, and what compensation should be paid to keep him from being left unwhole by reason of the involuntary taking. I thank Senator Tydings for his contribution. I wonder though if we should not extend our consideration of this in the committee beyond just the Ma and Pa example which the Senator has been kind enough to give us.

Senator TYDINGS. I think you definitely should. You have a responsibility to do so, Senator, and the merits are all as you indicate. Of course you will receive probably, stout opposition from the Bureau of the Budget at this time for any amendment in this direction because it will cost money. This whole area, the whole area of fair compensation for those displaced by Federal projects, urban renewal and highway projects deserves, as you point out, real overhauling, because the inequities and the unfairnesses that are visited are tragic in many instances.

And, of course, it is generally the people least able to protect themselves, least able to secure a day in court, who are hurt the most. The cost will be something that will have to be taken into consideration. I have limited my amendment because I think the older people, those over 50, are hurt a little harder than the young people. A young person is better able to land on his feet than someone who has had his life involved in a neighborhood and knows everyone—than the man who is going into the shadows in his declining years.

Senator BAKER. Well, I agree with you, Senator, but the likelihood is that we would have less resistance from the Bureau of the Budget because of the saving in money, but I am sure we all must bear in mind that in the involuntary taking, in the eminent domain field, unique among all fields, I think we owe a positive obligation to make sure that the person whose property is taken is not worse off after the taking than he was before the taking. I really wonder if the Government, this Government or any government, is not in bad faith to, in effect, say, "You must suffer for the common good in disproportion to the value of the project to the population generally."

Senator TYDINGS. Mr. Chairman, I might say that Senator Baker has put his finger on a very, very sensitive point. In my judgment, the condemnation procedures of this Government in urban renewal and highways are extremely unfair. We have before the Public Works Committee, as you are well aware, a study of this whole area and its relationship to public roads. And Chairman Randolph is very concerned.

We have now pending before the Judiciary Committee an amendment in relation to condemnation, what is fair compensation, and I certainly would encourage you to get involved in this area and to try and right some wrongs, because they certainly need to be righted.

Senator MUSKIE. Senator Hansen?

Senator HANSEN. Well, first, let me thank you very much, Senator Tydings, for your contribution this morning. I do think that there may possibly be another group of people deserving of our attention. I refer to those, not leaseholders but property owners, who by virtue of their age do not have the aggressiveness necessary to move into a new area and to start up business again. I think they might also be reasonable objects of our concern, because those people are in a neighborhood where they have grown up, where their roots are deep and their friends are many. They could produce, and it is likely that they would, perhaps five or ten more years of profitable activity; but to say at age 55, we will pay you the fair market value and perhaps give you a little more in addition for the inconvenience and the other costs that will be incident to your moving, is not enough. You are not going to find people at that age willing to go out and to establish new businesses, try to make new friends—I think this is implicit in Mr. Mitchell's testimony.

When people reach a certain age, they do not have the zip that is necessary for them to reestablish themselves. I have some deep feelings about this whole process of condemnation; I have seen it applied in my county and I know how it affects people.

You can uproot a young couple and though it may be difficult, they can make the adjustment. Senator Baker has addressed himself very ably to that point. However it becomes increasingly difficult, in my judgment, for older people to make the transition, and as a consequence, I think they are likely not to reinvest, they are likely to take the money. Because of this, I would like to know what the policy of the Government is insofar as the awards that may be made—what the tax liabilities are. It is my understanding generally, and I am not expert in this area at all, that within a reasonable time you can reinvest and escape some taxes that otherwise would apply.

I think that the aged persons who are involved in the Government's exercise of the right of eminent domain ought to be considered, along with other factors, in determining how our Government can treat these people.

Senator TYDINGS. I think this whole area is one where you can be of immense public service.

Senator MUSKIE. Thank you very much.

Senator TYDINGS. This legislation is long overdue. Thank you.

Senator MUSKIE. Thank you, Senator Tydings.

(The complete prepared statement of Senator Tydings, above-referred to, follows:)

STATEMENT OF SENATOR JOSEPH D. TYDINGS

Mr. Chairman, I want to thank you for enabling me to come here today to testify in support of my amendment to Title VIII of the Intergovernmenetal Co-operation bill. I know you have had several days of hearings on the bill as a whole, and have heard from a widely representative group of interested witnesses. I hope this means that many more people are aware of the need for this legislation than has been true in the past.

Before getting down to the case for my amendment, I want to commend you, Mr. Chairman, and the other members of the subcommittee for the extensive work you have been doing for several years to illuminate the need for inter-governmental cooperation and to hammer out sound remedies for problems which are extremely complex and difficult to resolve. This is fairly esoteric work—the general public has never been very aware that problems grow like weeds between the various levels and compartments of government in this country. This is not an area of reform that is easily explained. But the effort and intelligence expended on this legislation should be widely recognized. The country is greatly in your debt.

Title VIII of this bill would establish uniform relocation payments and advisory assistance for those who are displaced from homes or businesses by Federally-sponsored programs. We are talking primarily of urban renewal and highway construction programs.

The need for such relocation assistance has been fully documented by this subcommittee, by the House Select Subcommittee on Real Property Acquisition, and by the Advisory Commission on Intergovernmental Relations. Furthermore, the unanimous vote for this bill in the Senate last year indicates that the extensive studies made by each of these groups have borne fruit.

My amendment to Title VIII is designed to cover a specific kind of hardship which, in my view, would not be properly remedied by the bill as it stands.

My amendment would authorize payment according to a set formula to the owner of a displaced private business which cannot be relocated without a substantial loss of its patronage. In order to be eligible, the owner must be fifty years of age or older and a tenant of the property from which the business was displaced. His earnings over a three year period have to have averaged less than $10,000 a year.

Mr. Chairman, as you pointed out last year during Senate consideration of this bill, "small businesses—particularly those owned and operated by the elderly, such as 'Mom and Pop' grocery stores—are major casualties" of land acquisition and clearance for urban renewal or highway construction. The price of progress in urban renewal is too often destruction of the livelihood and earning capacity of the small, neighborhood storekeeper.

In Baltimore, for example, I know of a corner candy store owner who lived and worked in the same location for 40 years. His store was a focus of activity where neighbors stopped to buy their newspapers, to chat and to buy last minute groceries. For 40 years he was part and parcel of that community. I lived in the neighborhood when I was a law student at the University of Maryland, and I was a frequent visitor in that little candy store.

Several years passed and then the city of Baltimore embarked upon an urban renewal project in the area. The candy store and all of its customers were told they had to move. The owner of the building, from whom this man had rented for 40 years, received payment for his building. But the proprietor of the candy store received no payment at all. His store was gone, his clientele was gone, his goodwill was a thing of the past. He was set adrift at 65 years of age with no place to live, no source of income, and only token relocation assistance. This was clearly an extreme hardship.

To be sure, some hardships are inevitable if we are to redevelop slum neighborhoods and renew economic life in the cities. I do not think we should allow a measure of inconvenience to block progress. I support urban renewal. But I firmly believe that we owe a moral obligation to the families and small businesses that have to be relocated to minimize their sacrfices and to make them as whole as possible.

Title VIII as written would provide 100% Federal reimbursement for business moving expenses up to $25,000 and provides for federal sharing for costs

exceeding that amount. As an option, a small businessman could choose to receive a payment not to exceed $5000. The $5000 payment is designed for a business which "cannot be relocated without a substantial loss to its existing partonage." I submit that for an elderly proprietor, such as the owner of the candy store I have described, that $5000 payment is inadequate. Urban renewal did not result in his relocation; it put him out of business. It cut off his source of income as effectively as if his business had been condemned. And this calamity happened too late in life for him to begin again.

The amendment I have offered would make a more equitable settlement in these very specific cases where it will not be possible to move and begin again. It would provide a lump-sum cash payment—in lieu of relocation and moving expenses—equal to 3 times the average annual earnings of the business for the past three years. If, for example, the candy store owner had an average annual income of $5000, he would be entitled, under my amendment, to a lump-sum payment of $15,000. This would, in effect, be a payment in compensation for future earnings lost. Of course, this amendment would have very limited applicability. In order to qualify, a proprietor would have to meet the following four tests:

1. He would have to be 50 years of age or older.
2. He would have had to be a tenant and not the owner of the property in which his business was located.
3. His average annual net earnings for the preceding 3 years would have to have been less than $10,000 per year, and
4. His business would have to have been of such character that it could not be relocated without "a substantial loss of its existing patronage."

In essence, this amendment would apply only to the small "Mom and Pop" neighborhood stores in which the owners were over 50 years old, earned less than $10,000, and rented their shop. I might note that if the storekeeper owned his premises, he would obtain condemnation payments for his property as well as relocation funds—and thus would be much more adequately compensated than the storekeeper who is merely a tenant.

The payment formula I have suggested would provide a modest amount, wholly consistent with our moral obligations to alleviate the hardships imposed by urban renewal progress.

Furthermore, Mr. Chairman, the cost of this amendment would be low. I have received an estimate from the Department of Housing and Urban Development that not more than 1,000 businesses per year would qualify under this amendment. If we assume the average annual earnings of these 1,000 businesses to be $7,000 per year—a relatively high figure considering the $10,000 ceiling in the amendment—we would be paying an average of $21,000 to each of these 1,000 businesses estimated, or a total of $21 million. This is a small sum in relation to our total urban development budget.

Mr. Chairman, I am pleased that the Committee is considering this amendment and I greatly appreciate being invited to appear here today to speak for it. Thank you very much.

Senator MUSKIE. Our last witness is Mr. Berkeley G. Burrell, president of the National Business League.

TESTIMONY OF BERKELEY G. BURRELL, PRESIDENT, NATIONAL BUSINESS LEAGUE, ACCOMPANIED BY CHARLES T. WILLIAMS VICE PRESIDENT, SCHENLEY DISTILLERS CO., AND BUXTON COOK, ASSOCIATE DIRECTOR OF RESEARCH, NATIONAL BUSINESS LEAGUE

Senator MUSKIE. Mr. Burrell, will you identify the gentlemen with you?

Mr. BURRELL. Thank you.

Mr. Charles T. Williams, who is by vocation vice president of Schenley Affiliates, and on my right is Mr. Buxton Cook, who is the associate director of research for the National Business League.

I myself am Berkeley G. Burrell, president of the National Business League, an organization of Negro businessmen primarily, founded

in 1900 by Booker T. Washington, and we continue in the tradition of the founders to attempt to espouse better management techniques and to encourage entrepreneurships among Negroes.

We are presently in 52 cities and we have a funded project, funded recently by the Office of Economic Opportunity and the Economic Development Administration to further this objective of ours within 13 project cities.

First of all, I might say that the National Business League is always pleased to be afforded the opportunity to present its views on pending legislation prior to the enactment of the laws. All too often we are confronted with the "Fait Accompli," and must react to statutes already adopted very frequently to limited avail.

So today we have an opportunity to comment on pending legislation prior to its enactment, and that very opportunity dramatizes most succinctly, our poverty, our deprivation and the disadvantage of our position relative to our white contemporaries. The National Business League is a dedicated organization composed largely of poor business people and we do not have the resources to clinically dissect the kind of sophisticated legislation proposed here today. That is a job for sharp young lawyers whose services we need but for which we cannot pay.

So our remarks here today must be viewed in the context of our ability as a voluntary, poor, business oriented organization, not as the expert legal testimony of exceptional lawyers.

Looking at the bill as a whole, it seems to be trying to set some broad general standards of equitable acquisition and reuse of property by Federal agencies.

To the extent that these enactments will achieve that goal, the NBL is constrained to applaud its purposes, and to hope that its principal objectives will be achieved. Such a uniform standard of action in this area is long overdue and if passed one can only hope that its intent and purpose will not be frustrated by "administrative repeal" or strangling execution regulations.

The bill's present text repeatedly refers to "the administrator" but no place that we could find states what administrator will have the powers set forth, nor does it clearly indicate what agency of Government would have jurisdiction over the bill's end product.

Too, it is not clear to us just how far this bill intends to go in making mandatory upon the State or local agencies the general provisions of the legislation. Where a State administers the performance of Federal legislation. There is too ample a degree of room for State repeal of Federal intent where the Federal intent and thrust is not more clearly stated. Moreover, there should be some penalty attached for noncompliance by a State in any area of the legislation's action phases.

On page 33 of the proposed bill, section 801 of title VIII declares it to be public policy that persons to be relocated because of Federal action or federally assisted action shall be justly and equitably treated.

But nowhere in this or subsequent sections do we find any detailed enforcement teeth in such a policy. Earlier in title V, the bill's introduction mentions "Federally Assisted" and "Federally Aided" programs. Now, it may be that somewhere in the bill there is written some kind of enforcement guidelines or techniques that would assure equitable enforcement of the provision of the bill, whether the action taker

is direct Federal action or action by an agency of local government that is aided or assisted by Federal public funds.

For example: if the Daimler Grocery Store in Hattiesburg, Miss., is in the path of a proposed new secondary road that the county is going to build, we would want this bill to have some specific penalties spelled out to assure that Vernon Daimler would not be denied the relocation assistance provided by this bill just because he is black and just because the agency in Mississippi that handles the project is manned by bigoted local civil servants.

Our question to this committee is: "How would this particular NBL merchant be assured of the benefits intended by this legislation if an intervening State or local agency administers its provisions?"

Where are the enforcement teeth? What will happen if the local agency follows a policy of rampant, premeditated, racial discrimination in the administration of this and all of its other official functions? What in this will prohibit or preclude the operation of such a policy of flagrant bias?

To go a step further, any State or local governmental agency in the normal pursuit of administering the public policy objectives of the office involved can embark upon a worthy community project, that has widespread community support. Indeed, such a project could serve an unchallengable public community need. But to execute the project displacements and relocation of minority citizens will be necessitated. In many areas of this Nation, the displacees will not find it practical to secure standard housing accommodations of the prices and payments set forth in this legislation.

It is our thinking, in the light of today's circumstances, that some provision should be written into section 805 or other appropriate sections of title VIII that will assure the payment of enough money to establish the displacee in his new location. The actual physical relocation is only part of the problem.

In the case of a residential dwelling, relocation payments should accomplish the objective of transplantation of the household to the degree that the operational obligations are identical to the position held prior to movement. In other words, whatever proportionate share of net income is allocated to each living and for household operational expense prior to movement, that same proportionate share should prevail subsequent to relocation.

In the case of a typical NBL business, the same conditions and circumstances should prevail with respect to his living accommodations and in addition to his business. This assumes, of course, that to some degree both elements are affected by the relocation. With specific reference to the business, the relocation payments must achieve the objective of reconstituting a going concern in a new business environment. If a farmer is entitled to actual and reasonable expenses in searching for a replacement farm, certainly the small business operator is entitled to actual and reasonable costs of feasibility studies and other services and cost needed to establish a new business location.

We have a pilot program, Project Outreach, where we are providing a small amount of technical assistance to businessmen with such problems. What we are doing fills only the smallest part of the need, and indicates how much more attention and resources must be applied, not to solve the problem but just to find out more about how big it is.

Let us for a minute take a look at the findings of small businessmen which have been uprooted and scattered in the past. The two most responsible Federal programs have been the urban renewal program conducted under the Housing Act of 1949, as amended, and interstate highway construction conducted under the Federal Aid Highways Act.

Up to 1963 of the total number of businesses displaced by Federal programs, 70.3 percent were displaced by urban renewal projects and 19.2 percent by Federal aid highway construction. The third large displacee of business, the low-rent housing program, conducted under the Housing Act of 1937, as amended, displaced 75 percent of the total businesses displaced for the same period. It is estimated that through 1972 approximately 18,000 business and nonprofit organizations per year will be displaced by Federal programs, as compared to a yearly average of 11,000 over the most recent years.

Business displacement is an urban phenomenon, 93 percent of all displacements were in urban areas. Who owns these businesses which are being displaced and what kinds of businesses are these? Well, all this takes place in the older and most rundown part of town and we all know who lives there.

Dislocation impairs a business' chances for survival and moreso if the business is small. How serious is this impairment? The findings of a survey of 50 local public authorities for urban renewal by the Urban Renewal Administration in 1963 showed that 35.3 percent of all displaced businesses discontinued operations. Of the operators discontinuing, 55.5 percent were tenants.

The overall result is that the typical business displaced is a small, perhaps marginal, service or eating establishment with a walk-in clientele, which is especially vulnerable to displacement. Gentlemen, that's us.

In Nashville today, this minute, the construction of a link of Interstate 40 through the heart of the Negro business district will directly displace 20 businesses and seriously affect another 146. The highway is dividing the North Nashville community, affecting access of the population to schools, churches, parks, hospitals, and the businesses. In its wake, about 600 dwellings will be razed, thus removing part of the population; the poor system of streets in the area will be further complicated by the permanent closing of 47 streets and the temporary blocking of another 10.

The sight of blocked sidewalks, the 5-mile detours, the dissection of service stations, the granting of $200 to remove a dry cleaning plant, equipment and all, the evacuation of leasehold tenants with no compensation for recent lease improvement, the refusal of compensation to tenants without leases. Gentlemen, to me, this is a disaster area, which I toured only last week.

On page 40, line 10, this bill refers to assistance from the Small Business Act. The section cited is the single most conservative loan program in the entire package of SBA financial assistance existing today.

Section 7(*a*) loans start with a requirement that the borrower must invest as much money in the business as SBA loans. So if a displacee needs a $20,000 loan to reestablish in a new location, he has to have $10,000 of his own. It is our considered view that section 7(*a*) will not and cannot be made to serve the needs of the small inner-city busi-

ness that is adversely affected by public action requiring relocation of his business operation.

We do feel, however, that we can suggest directions in which legislation might be pointed that will yield the greatest good to our society.

With that in mind, we would suggest that this committee give serious and careful consideration to the creation of a small-business capital fund to be set up by SBA for the purpose of revitalizing and stimulating small enterprises that are relocation candidates. Such a fund could be used not only to relocate the business, but to upgrade and revitalize it with a view toward enriched profit production. There is an inherent kind of negativism about uprooting and relocation of business and businesses.

The knowledge that the enterprise can get liberal assistance to upgrade and expand and enrich its functional operation can have an electric effect on the general surrounding community.

First, the small business operator becomes immediately an advocate for the project requiring his removal rather than an antagonist. The price he gets for his present enterprise is less likely to be as important to the operator as it would have been otherwise. Because he is indigenous to the surrounding population, he will have a more salutory effect on the attitude of that population than would otherwise be the case.

To carry the hypothesis further, the NBL working with the SBA and its management assistance people could organize local small enterprise groups to create small neighborhood convenience centers that would be profitable for the operators and inspirational and motivating for the community. To make such a program effective, we think the pending legislation should spell out the broad operational methods and modes for such an experimental program.

And it must provide for a special allocation of funds for its operation. For above all, the Congress has perhaps done no greater disservice to our membership and to the small business community at large than to set up the SBA as a convenient whipping boy.

The very mention of SBA in this pending legislation is little short of criminal. And it is the fault of the Congress that this is so. For whatever learned reasons that it may have or have had in the past, the Congress assigns an increasingly larger workload to the SBA, but it gives it no meaningful budget with which to operate. It is cruel and inhuman punishment for the Congress to give to the SBA $5 or $6 million and then direct it to execute programs requiring $50 or $60 million.

It is cruel and inhuman to extend false hope to a multitude of small entrepreneurs, but it is equally monstrous in its depressing and debilitating effect on the SBA establishment, many of whom are fine, dedicated public servants. From my brief acquaintance with him, I get the impression that the present SBA Administrator is the kind of capable public servant who would make many of the SBA programs far more effective if he had more funds.

Therefore, although the record will show that I am, and have been, one of SBA's most severe and unrelenting critics, with regard to this legislation, I urge that all of its facets dealing with the relocation of businesses should be made a function of the SBA; and its management assistance people working with the NBL should be given a special

mandate and a special budget that will allow the total revitalization of small enterprises affected by public action.

NBL does not believe that public improvement activities requiring relocation of citizens and their function should be ipso facto regarded as disasters, nor should such actions be associated with disaster assistance. If the Small Business Act is to to be amended, it should be so changed as to provide a program of special assistance to the little business that is adversely affected by public action.

The NBL criticism of the proposed amendment described on page 40, commencing at line 12, is that it places the burden of proof of economic injury on the little fellow with limited resources. Any agency employee can determine that there has been only slight economic injury and effectively preclude the entrepreneur from assistance. It would be far better to make anyone who is touched at all by public actions indicating relocation in the interest of survival, eligible for the special SBA assistance we have described.

For in any objective evaluation of SBA participants or clients, those who are most easily declared ineligible for assistance are likely to be those who are most likely to succeed with reasonable SBA aid.

In summary then, we suggest a special SBA assistance program for businesses adjacent to or in areas affected by public action; we suggest that section 804 be made more explicit in calling out the extent of mandatory compliance by local agencies acting as alter ego for the Federal Government and that provisions for the ample funding of the several programs and policies set forth be clearly identified and earmarked.

Thank you very much.

Senator MUSKIE. Thank you, Mr. Burrell, for your excellent testimony. It is just the kind of thing we want.

May I say, first of all, that it is the intent of this legislation by making it 100 percent federally funded to insure that its provisions are made available across the country. Several suggestions have been received in the course of the testimony to insure that there is adequate followup to protect those who have been designed to be benefited by the legislation, and this followup function is an important one.

We will look at the legislation to insure that we have done all that we can to protect it.

With respect to adequate fundings, unfortunately, we are not the Appropriations Committee. We can write what we think ought to be the goals, and we certainly will, but there is no way that we can write in here anything that will tie the hands of the Appropriations Committee, and I would not want to abuse you on that score.

Mr. BURRELL. Well, I would say, Senator Muskie, the best thing in the testimony this morning, I think, first, the testimony is tough to follow. I think they were excellent witnesses.

Senator MUSKIE. Well, might I say that although you disclaimed any expertise in this field, your testimony waters down your disclaim

Mr. BURRELL. Well, listening to them, and then to hear the response of the gentlemen present, I am just amazed by the concern of you gentlemen as it relates to the kind of legislation that we eventually get. Either you are the finest public servants we have, or it is tough to assemble them all in one room, to march with the same banner to accomplish these great public services.

Senator MUSKIE. Well, let me say this: this legislation before us is the product of about 3 or 4 years of work, and it has not really been gone into as thoroughly as it should have been, and as we are trying to do now.

I think that the concern we are reflecting here would be shared by substantially the majority of the Congress once they get the same exposure to the facts and to the injustices. So, I do not think you ought to attribute to us any higher level of concern than I think is held by the majority of the Members of Congress.

Mr. BURRELL. I will just reserve my other criticism until I see the final action.

The other thing, Senator, was this morning there was some discussion about what to do with displacees in an urban renewal area, for example. I think we have got a long ways to go in new technology in housing. I would hope that the concerned agencies would look toward being more innovative in this area.

For example: where there are large areas of cleared land, we have not even begun to experiment with pre-fab homes, especially in the mobile home area where you take—if you look at one mobile home it does not mean anything, but if you put them together then you really begin to do something.

If you stack them, then you are really beginning to come up with some configurations in which people could actually live cheaply, quickly, and you could—well, you could go as far as you would like with that.

In addition to the fact that mobile homes could be stacked and stairs could be run up the outside, or could be run through the center, and they can be put together, that they can be erected fairly quickly, is the fact that they could be erected and constructed within the indigenous neighborhood in which it is going to occur.

A mobile home factory is simply a large overgrown cabinet shop. You could employ numbers of people just putting these things together and moving them to the site, and quickly, and moving other people in.

I rode to Mississippi about a month ago and I got the feeling that we had not even begun to approach the problem of how do we move those shanties, even as dramatically as using helicopters to move one of them out of the way and drop it in the trash pile, and then drop another one right in its place. Like that, it could be done.

It could be done cheaply, but who in this country is prepared, and what agency is prepared, to approach those kinds of technology and to begin to think innovatively like this. But it can be done, and I submit that it must be where we are headed if we are really going to solve the problems of progress as it relates to human needs and the renewal of people.

Senator MUSKIE. You have just made a speech that I have been making to the members of the Housing Subcommittee, but you have made it better than I have. I agree with you that we have not addressed ourselves to applying technology to the problems of low-income housing. I could not agree more.

Senator BAKER. Mr. Chairman, if I could, I would like to get my own pet oar in the water in that respect. I agree with what you say, but I also think that we have been terribly slow in making technological advances and advancement of new techniques for the reclaiming

and rehabilitation of existing structures. I think that so often whole neighborhoods could profit immeasureably if satisfactory and economic ways were found to make those neighborhoods hospitable. In some cases it may be necessary to destroy them and rebuild them.

It would obviously eliminate in some cases dislocation. It would obviously eliminate much of the eminent domain inequity that we have spoken of. Obviously, you start with a structure in many cases, at least, that could be rehabilitated. So, I think we are falling behind in the technology of rehabilitation as well as the technology of construction, and I think this is a subject that should have extensive thought and activity before we launch ourselves on this matter of meeting the need for massive new decent housing for so many people in this country.

Mr. WILLIAMS. Senator, I am down from New York, and I am Mr. Williams of Schenley Industry, and my chairman has been very interested in this whole project. I would ask that you look into the possibility of what could be done about immediate occupancy of people who are being removed from housing, for additional housing.

And through some contacts I ran into a corporation called Howard P. Hoffman Associates, their organization and their consultants in management of corporate land plant and equipment.

They advocate rehabilitation of existing structures the same as you, Senator Baker. They have been in this field for 4 years and they say, in essence, and I will give it to you very quickly, that rehabilitation of existing structures which are sound on the outside and, of course, often dilapidated on the inside, is a time-saving event.

The time that they save ranges between 50 to 60 percent of the new construction. No demolition is required, no excavation of foundation or structural work to be done. The cost, which is important, Senator, is that it reduces the cost in a range of 20 to 40 percent of new construction and results in more house for the same dollar amount.

It reduces people's relocation problem because they can start on a block and between the time the people move out and the time it is completed, it can be done in 4 months, which means that they can use the temporary structures Mr. Burrell was talking about and move these people back in new structures within 4 months.

The original feeling, Mr. Chairman, of the people of the neighborhoods, of course, the people who have lived there for many years, can also be moved back into their existing communities.

Now, according to what I understand, this program can provide opportunities to upgrade the economic and social health and welfare of the urban areas. Profits can be made from being owners or investors, and I am not talking about the indigenous citizen who feels that he has no stake in America becoming a part owner of this operation. I will get to that in just one second, how that can be done.

Creative, new, and broadening market of opportunities for building and household products can also provide a testing laboratory for construction companies and products for material that could be used on site.

Now, they have done a couple of programs, and I have complete photographs of the time it began until they stopped, and I am like a father, I just have these pictures in my wallet, and I just happened to have this.

I am down from New York and I was not aware that we were going to testify today, but I did have this before me and I am vice chairman of the NBL, and I did have this and he asked me to come along, and I do have these pictures of the structures from the original to the time they have been completed, so you can see what can be done.

Now, my board chairman feels that this, and of course according to Mr. Weaver, New York alone, he says, is going to need 8 million dwelling units. In New York City alone, he says, 58,000 buildings are in need of rehabilitation at a cost of over $5 to $7 million in the next decade.

To project these figures for the whole nation, Mr. Weaver says, raises the prospect of dealing with numbers so astronomical that only a computer could comprehensively handle them, and again we get back to the problem of, where do we get the money to do this sort of operation, because the cost is important.

Well, here Mr. Rosenstiel feels at the present time, and I will read a brief excerpt from his notes:

At the present moment, slums are a cancerous condition in American life in the midst of an affluent society. Certainly, the slums will be abolished. The question is whether the people who now subsist in them will have an opportunity to enjoy life in our affluent society before they die. The speed with which we are approaching this problem today is that of a snail's pace.

There has been a very prevalent difficulty in obtaining the necessary funds for slum clearance. At the present time, this difficulty has been aggravated to an even greater degree.

On the one hand, we have the continued drain on the American financial scene, although we cannot relate financing to the loss of life or limb or the heartbreaks of families. Moneys going to Vietnam add to the burden of obtaining moneys for slum clearance, with speed and dispatch. The moneys used in the race in space add tremendously to the expenditures for defense in a world in flux during the era of change in the balance of power among nations and upheaval. All of this is costly and hardens the arteries of what should be the human heart. Too many people become too callous too fast.

The laws of human nature, the hypocrisy of the law itself, in many, many instances, and of the lawmaker, too, in many, accentuates the abnormal creation of so-called criminal elements.

Moneys reaching into this area of endeavor, human nature being what it is, escapes taxation in many instances. And the publicity attendant thereto paints us as a lawless country the world over. The disproportionate amount of money that undoubtedly have escaped taxation not only here but in many places in the world, is evidenced by the fact that there are so many tax havens. By the time the Federal Government catches up with its evasion, and sometimes this is impossible to do because the evasion is so hidden, the untax-paid moneys have grown by leaps and bounds in faraway places.

Again, this is Mr. Rosenstiel, quoting:

It is my opinion that the so-called bad money, as well as what we refer to as good money, can be tapped for slum clearance. What is wrong with forming a slum clearance district, and taxing the same way you do a school district, the road district, the levee district, et cetera. Or you could do it on a slightly modified basis and something like the Mackinaw Bridge Authority.

Let's take a city called X. Let's say, they estimate they can do a slum clearance job for $200 million. Let us say, through legal processes this district is formed and can issue tax-free bonds. And suppose it wanted to issue $200 million in tax-free bearer bonds.

The land would be appraised, the cost of the buildings in reconstruction, and all of the things necessary to make the district part of the American community with decent living conditions, and with speed. All of this would probably be worth many more hundreds of millions more than the bonds could call for. These would be bearer bonds, presumably paying a high interest rate of 5 percent (or

even 4½ percent), tax-free, and they would attract moneys from other sources, perhaps even without trying. When this tax-free interest rate was related to the gross rate that would have to be obtained from the average person to equal the tax rate, you would find a ready market and certainly in bearer certificates the moneys "filched", for want of a better word, out of the country would return if no questions were asked.

I do not believe there would be much trouble raising huge sums of money for slum clearance in this way.

Also, there would be many public-spirited citizens, of all races, creeds, and colors, who would not only be delighted to put their shoulders to the wheel to see that the finest end result was obtained from this money, without any shenanigans and with speed and dispatch.

That is his statement.

Senator MUSKIE. Thank you very much. Mr. Cook, did you have a statement you wanted to make?

Mr. COOK. No, sir.

Senator MUSKIE. Senator Hansen, do you have any questions you wanted to put?

Senator HANSEN. No, I do not think I do. However, Mr. Chairman, I might make an observation.

I, too, have been disturbed, through not exposed as much as many have been to the problem. I am concerned about what happens to people within these areas that have been taken by the Government for one purpose or another. Highway programs have been mentioned, and I think urban renewal programs have been mentioned.

I think it is difficult, arbitrarily, to assess the full impact of the costs that devolve upon the shoulders of the persons who are in an area that is taken by the Government. When you put a road, a super highway, an interstate highway, section of an interstate highway system, so as to effectively block in people from one part of a town and thereby deny their patronizing little stores that may continue existing in another part, you may have done irreparable harm to that person's business. Yet it may be far enough removed from the project that he would not be entitled to any consideration at all. Yet he has very definitely been hurt.

And I am concerned also about the fact, or I think it is a fact, that sometimes we tear down homes and what happens to those people who are caught in the bind, those who have been moved out of an area; they may have only been tenants, but where did they go? I think there is a lot to be said for the presentation that you have just made.

It makes awfully good sense to me, that if we could incorporate within your framework a continuing concern of the Government permitting us to extend to those persons some of the assistance that the Government has given others in our society from time to time, thereby enabling them to become homeowners, that we will have gone a long way in assuring that these newly renovated areas would be kept up. I do not think there is any better way to encourage people to care for property than to give them some ownership in it, and any programs—and I happen to be a sponsor along with others of a bill that would tend to do this—would be one of the best things we could do.

I would invite your comment on that point.

Mr. WILLIAMS. Sir, nobody breaks a window in his own house, you know, because it is not profitable for him to do so. This is why, in American life, we must bring the indigenous communities into a position where they can obtain this, and we are spending a tremendous

amount of money in the area, but I do not believe we are getting our money's worth.

For example, I am chairman of the Board of the Office of Economic Opportunity in Nassau County. We have a drastic program out there for the lack of housing, so much so that the Department of—they call it the Social Welfare now, but the Department of Welfare has to house people where they cannot find housing for them in motels.

They pay them $10 a day for a room in a motel with a family with four or five kids living in one motel room. Now, it seems appalling that we have to spend this money because we do not have anything available, yet this is one of the most affluent communities in the Nation today.

So, I think something must be done to address ourselves to the fact that we are spending money, but are we getting our money's worth. This is the question that I am concerned with. I do not mind spending it if something comes out of it.

Senator HANSEN. Thank you, Mr. Chairman.

Senator MUSKIE. Well, gentlemen, I think as in all such cases, we must finally come to an end here in our sessions. We must get over to the floor. But I appreciate your testimony.

It has been a most worthwhile morning and I am glad we were able to get permission from the Senate to continue with our hearings.

Mr. BURRELL. Thank you very much.

Senator MUSKIE. Thank you.

(Whereupon, at 1:05 p.m., the committee adjourned.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

TUESDAY, MAY 28, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:20 a.m., in room 457 Old Senate Office Building, Senator Edmund S. Muskie (Chairman), presiding.

Present: Senators Muskie and Hansen.

Staff members present: Charles M. Smith, staff director, Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The committee will be in order.

I apologize for being late. We seem to have just too many meetings on different subjects around this town.

Our first witness is an old friend of this committee, a Senator of distinction, with whom it has been my pleasure to serve since we first made the mistake of coming here in 1958.

It is a pleasure, Senator Moss, to welcome you.

TESTIMONY OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

Senator Moss. Thank you, Mr. Chairman. I appreciate the opportunity of appearing here this morning. I have a prepared statement which is fairly brief. I think perhaps brevity can be improved if I stay right with the text, although, of course, I shall be most happy to respond to any questions or colloquy that you and Senator Hansen would like to propound.

Mr. Chairman, for a number of years, I have been a cosponsor of the Intergovernmental Cooperation Act, this year numbered S. 698. This version is a comprehensive bill which has been painstakingly drawn to make our huge programs of assistance to State and local governments as effective and economical as possible.

A number of the provisions of this bill were contained in the act passed by the Senate in August 1965. Unfortunately, the House did not act on that measure, and so these provisions have had to be reintroduced.

A significant provision of the 1965 bill provided for congressional review of future grant programs to insure that they are reexamined systematically, and reconsidered in the light of changing conditions.

Since 1965, the need for this section has become much more acute. In your remarks introducing the act in 1967, you pointed out how much Federal programs had grown in just one small area—Federal grant programs for community water supply, sewers, and sewage treatment facilities. Five agencies of the Federal Government are presently involved in administering such grants. Even though the agencies have worked out arrangements designed to minimize administrative confusion, it is still difficult for State and local governmental officials to sort out these programs, and to know which ones might be of the greatest help in solving their problems. There are now more than 200 major Federal grant-in-aid programs to assist State and local governments. I understand there are something over 400 different authorizations. Many of these are extremely valuable—even necessary—but there can be no doubt that they should be reviewed periodically and systematically, and that we must attempt substantially to reduce the number. While it is true that State and local governmental agencies, which maintain the day-to-day contact with the general public, can now come before congressional committees to let us know their views, there is no formal or systematic procedure for bringing such matters to the attention either of Congress or of the executive branch. Therefore, all too often, no new program will be initiated to meet a specific need without sufficient consideration being given to the greater efficiency which might come through the expansion or alteration of existing programs.

As our population increases, it is virtually certain that the size of Federal grant-in-aid programs will also expand. Therefore, the need for a systematic program of review becomes greater by the year. This bill contains an effective mechanism for bringing about the needed review of programs. This is the automatic expiration of grant-in-aid programs after 5 years. In cases where no termination date is specified by law, and a grant-in-aid program is not specifically exempted from the provisions of this act, then the authority to make such grants-in-aid will expire not later than June 30 of the fifth calendar year which begins after the effective date of such act.

It also provides that the committees of the Senate and the House to which legislation extending such authority would be referred, shall, separately or jointly, carry out studies of the program with a view to ascertaining whether or not its continuation would serve the public interest, including a determination of whether or not a substitute might be an improvement.

A significant new authority is provided in title VI. This authorizes the President to submit to the Congress plans for the consolidation of individual categorical grants. Congress could accept or disapprove the plan in a manner similar to that provided in the Reorganization Act of 1949, which was passed in accordance with the recommendations of the Hoover Commission.

This means that a consolidation plan will go into effect 90 days after submission by the President unless, during that time, either the Senate or the House passes a resolution in opposition to the plan.

There are many other provisions in this comprehensive measure. Altogether, it will enable the Federal Government, the States, and the local governmental bodies to achieve the fullest cooperation and coordination of those activities in which they are jointly engaged

and for which the Federal Government is providing a substantial portion of the financing. I urge prompt Committee approval of this measure and surely hope that Congress will enact the measure this year.

Senator MUSKIE. Thank you very much, Senator Moss. I appreciate this statement.

There are many, many aspects of this bill which you and I could get into, but which I think time prevents.

You did not mention the relocation provisions of this bill.

Senator Moss. No, I have not covered that in my testimony. I just really made a brief and cursory statement on the general objectives of this bill. I wanted to stress the great proliferation that there had been in these programs.

Now, I suppose every State now has to have a department for just trying to keep track of all the Federal programs and keep them sorted out, because the State officials and particularly the municipalities, and when you get down into the smaller-sized ones, are utterly bewildered. They have no way of knowing where to turn, there are so many different programs. They all need to be coordinated.

Senator MUSKIE. On this broad area of grants consolidation, of reduction of administrative red tape, block grants and tax sharing—I think it finds all of us arguing against each other and inconsistent with our own points of view from time to time. So it is no wonder that local officials and State officials are at least as confused as some of the rest of us.

For example, this legislation contains a provision to which you have referred, giving the President authority to consolidate individual categorical grants. Now, I know that this is going to be opposed by some in the Congress who see this as an unwise delegation of Congressional authority to the Executive. Yet some who find themselves in the ranks of the opposition are also strong supporters of tax-sharing, which would delegate Congressional authority over program objectives not to the President but to State Governments. So we have this problem of somehow evolving a more flexible and sensible channeling of Federal resources to the States without getting tangled up in our own philosophical problems.

Are you troubled by the fact—I gather you are not, so I put the question anticipating a negative answer—that consolidated grants would delegate authority to the President over these programs? In a sense this is legislative authority.

Senator Moss. No, I am not, philosophically or otherwise troubled by that. It seems to me that the President being the Executive arm of the Government does have greater ability to move forward and take a positive action, whereas the Congress, being the legislative body, is not an action body so much as one to consider and either approve or disapprove. So I think the provision that is here in the bill of permitting the President to order the consolidation and giving the Congress a period of time within which to disapprove if we think it is unwise is a reasonable provision and this has worked well on the Reorganization Act that the President has used, well, ever since 1949, has used quite well.

I do not worry about that delegation, no.

Senator MUSKIE. Senator Mundt has suggested that perhaps objections to this provision in the bill might be softened if it were modified in the reorganization powers to permit amendment by the Congress of the President's consolidation plans. Before I offer or suggest involvement in that action, what is your reaction?

Senator Moss. Well, my reaction is somewhat negative to that. It seems to me if the Congress finds such a flaw in the proposal that the President sends up, then it had better turn it down and send it back saying this is not approved. I am sure that out of that, with conferences with the leadership of the Congress and the leadership involved, the executive branch might well make an amendment and send it back again for second consideration. But I am afraid if we get into the situation of the President sending it up and then on the floor, we begin to offer a lot of amendments rather than simplify and streamline what we are talking about, we may come out with something as complex when it is finished as when it was sent up in the first place.

After all, the idea here is to try to consolidate and simplify and streamline as much as we can. That is presumably what the President's proposals would do. The Congress still has to appropriate the money, we still have to look at the overall program, and I would not favor giving the amendatory power to the Congress on the President's proposals.

Senator MUSKIE. I would like to make two observations of my own, simply to make them a part of the record where they will be readily available for discussion by the committee and the subcommittee in the markup session. I think the point you make is verv valid.

Second, I think if we allow this amendatory process, the 90-day period for action by the Congress would have to be eliminated. The process being what it is, I do not think by consolidating the power to legislative recommendation, you can expect realistically to get it completed within the 60 or 90 days that might be permitted for congressional action.

Also, one of the purposes in trying to do this in the way a reorganization plan is handled is to minimize the political difficulties involved in eliminating the identity of programs which have a built-in constituency in the Congress and elsewhere.

For example, in the water and sewer field, we have the so-called Aiken program for water and sewer projects. This is in the Department of Agriculture for communities of under 5,500. The Department of Interior has the big waste treatment grant program, which benefits all communities, including communities of the size I have just referred to. We have in the Department of Commerce the supplemental grants for these programs under the Economic Development Administration. HUD has the associated programs to construct sewers.

There is one other I have left out, but in any case, in all of these programs, there are built-in constituencies within the agencies, within the classes of beneficiaries, within the Congress. If you were to challenge all of these to exercise their initiative in diluting any recommendation for consolidation that the President would propose to the Congress, I think you would virtually destroy the prospects for consolidation.

I make these observations simply as my present reaction to the suggestion which I think was offered by Senator Mundt in wholly constructive content. But I think we have to come to grips with this basic proposal of consolidation as a meaningful and perhaps tough means of consolidating programs and moving toward the objective of block grants, which is the objective subscribed to by so many members of the Congress who seek to approach it from different philosophical points of view. I do not know whether we can resolve those points of view, but I think what we are hoping for is block grants. I look on the consolidation proposal as one means of approaching that.

I have used your statement as a means for making my own speech, but that is not unusual in the Senate.

Senator MUNDT. You have done very well. Thank you very much.

Senator MUSKIE. Our next witness is Congressman Chester L. Mize of Kansas.

I apologize to you for interrupting your schedule.

STATEMENT OF HON. CHESTER L. MIZE, REPRESENTATIVE FROM THE SECOND CONGRESSIONAL DISTRICT OF KANSAS

Mr. MIZE. Thank you very much, Senator Muskie, Senator Hansen, for giving me the opportunity to ask a question this morning.

In the first place, I enthusiastically support this legislation which, as I understand it, basically is to provide uniform, fair, and equitable treatment of persons, businesses, or farmowners displaced by Federal or federally assisted programs. What I want to ask is what can be done to establish a standard policy to reimburse lessees on railroad rights of way that are so displaced. Let me give you an example of the problem that we have out in my State of Kansas.

For example, the Defense Department acquired many thousands of acres 4 or 5 years ago in connection with the expansion of Fort Riley, Kans. Included in the land that was taken, was a Union Pacific Railroad right-of-way. On this railroad right-of-way was a grain company which leased land from the railroad. The railroad is paid for its property but this grain company was not. We do not seem to have a policy to reimburse these lessees for their improvements.

Now my predecessor, Bill Avery, who incidentially is running for the U.S. Senate this year, introduced a bill for compensation to this particular grain company. It was referred to the Committee on Public Works. It got bogged down there. I introduced the same bill when I came. In a later year it was tacked on to the omnibus rivers and harbors bill. It passed the House but failed in the Senate. Senator McNamara was responsible for striking this particular section of the bill.

Senator McNamara was very kind and wrote me and suggested I introduce a private bill, which I did, but this bill bogged down.

I have the same problem now with a railroad that is being taken in connection with the Big Perry Dam out in my congressional district. I have the city of Valley Falls which has some improvements on this right of way not being compensated. I have another grain company on this railroad, not being compensated.

Now, if my question is not appropriate to this legislation, please say so, and I will continue my search for an answer to this problem.

It is a knotty one and I have some awfully unhappy people, with whom I'm sympathetic.

Senator MUSKIE. Well, let me say this, Congressman. When this bill was introduced first, about 3 years ago, its principal objective was to undertake to make uniform policy in this field, covering all Federal programs including direct Federal programs and Federal aid programs. Because of the difficulty of legislating in this field, we limited our objective pretty much to that. Now time has caught up with us and there is increasing pressure not only to do that but to develop more realistic policies for reimbursement of people's displaced land than we have had in any of the Government agencies.

Last week, we had, I think, some very persuasive and indeed moving testimony from people associated with Resurrection City and the poverty march, as well as representatives of the Negro community. Their testimony highlighted the very great inequities that are imposed upon people who are displaced, who tend to be lower income groups. So I think probably the subcommittee's attention is going to be focused more and more upon the inadequacy of some of our present policies, even in the agencies which have the best programs.

Now, I cannot predict what the subcommittees might do to respond to that challenge. I can only say to you that I think there is some prospect that we can focus on, so it would be most appropriate for you to submit your proposal to us in this larger context.

Page 54 of the bill—I do not know if you have looked at it—comes closest to doing anything for tenants or lessees.

Begin on line 8:

> For the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property.

I gather this means that the tenant can get reimbursement only if he has an interest as against the owner of the property. This, I would think, would not go far enough from your point of view or from the point of view of the other witnesses last week. All I can say to you this morning is that we are alerted to this larger policy question and I hope we can give it some attention, but I cannot predict what we will do.

Mr. MIZE. I appreciate your saying that, Senator. It is a problem, and I hope that possibly, we can establish a standard policy to reimburse these lessees on the railroad right-of-ways, where the railroad is paid but they are not.

Senator MUSKIE Do you have an amendment to offer?

Mr. MIZE. As I say, I am here more to ask for advice and counsel. If you would suggest that I see to it that an amendment is prepared and offered, I will go that route.

Senator MUSKIE. Why not do it and we will at least consider it and deal with it frankly and honestly with you on it.

Senator Hansen, would you like to inquire?

Senator HANSEN. I have no questions.

Mr. MIZE. Thank you very much.

Senator MUSKIE. The next witness is Secretary Robert C. Weaver, Department of Housing and Urban Development.

We are pleased to welcome you, Mr. Secretary.

May I apologize to you also for being late.

TESTIMONY OF ROBERT C. WEAVER, SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; ACCOMPANIED BY H. RALPH TAYLOR, ASSISTANT SECRETARY FOR DEMONSTRATIONS AND INTERGOVERNMENTAL RELATIONS, ASHLEY A. FOARD, DEPUTY GENERAL COUNSEL, AND JOHN FRANTZ, BUDGET OFFICER

Secretary WEAVER. I am pleased to appear before you today to present the Department's views on the proposed Intergovernmental Cooperation Act of 1967—S. 698—and several related measures. We welcome the continuing exploration of the problems of federalism and the role of the Government in dealing with the problems of an urban society.

It is appropriate that the legislative proposals contained in this omnibus bill focus not on Washington alone, but also on the State, regional, and local levels of government. A complex and decentralized system of government, an exploding urbanization process, rising expectations, and advances in technology mean that there can be no ultimate or unchanging solutions to how government conducts its business.

We endorse the general objectives proposed in this act—

more uniform administration of Federal grants to State governments;

extending reimbursable technical assistance services to both State and local governments;

supporting rather than bypassing the local general-purpose governments of the country, where ultimately all public and private services must be coordinated and delivered;

continuing congressional review of Federal grant-in-aid programs to assure their relevance and adequacy in meeting national needs;

simplifying and consolidating grant-in-aid programs where greater effectiveness can be achieved thereby;

more uniform and expeditious Federal practices with respect to the acquisition, use, and disposition of urban land, including consistency, to the extent possible, with local planning goals, and

more equitable and uniform Federal relocation policy to minimize the possibility of hardship among the people and businesses displaced by Federal and federally-aided programs.

It should be emphasized that none of these objectives designed to support strong and capable governments are meaningful unless they have the effect of bringing public resources to bear in making our urban places worthy of the people who live in them. Neat and orderly administration is a mockery unless it assists the people of urban

America in providing decent housing, averting the spread of slums and blight, focusing resources on needs that are most pressing, and providing opportunity for people to choose among types of environment that fit their needs and desires.

It is indicative of the great strength of our democratic system that most of our public debate centers not on the objectives of his bill but rather on the most effective means of achieving them. In this context I would like to comment on the titles of the proposed legislation and briefly identify some actions currently underway by our Department in cooperation with other Federal agencies and State and local governments that complement or that are consistent with the bill's basic objectives.

Senator MUSKIE. Secretary Weaver, I cannot resist making a comment on two hearings I recently chaired, one yesterday and this one today. Yesterday, we were concerned with considering the potential of the steam engine as motor power for the automobile. We had two exhibits, two steam automobiles constructed in terms of the available technology today. We could not find room in that hearing. Everybody wanted to come to look at these gadgets and hear what the potentials were. We had the television cameras, the newspapers, and cameras. I suspect that as a result of that hearing yesterday, I got publicity from coast to coast, on the networks and in newspapers whose names I have never even heard.

Well, today we have a dry technical bill which is concerned with the problem of making government work. The reason I am stimulated to make this comment is the first complete statement on this page, that it has to do with making this system work for people of this country. It is technical, it is dry, but it has more meaning on which the people affected are responding and upon which they have focused attention than almost any bill that comes before a congressional committee. There are exceptions, the housing bill, which is before the Senate, is equally meaningful.

But here, we cannot get attention upon legislation that can really, in somewhat fundamental ways, redirect the process of government so it can achieve the goals you so eloquently stated at the beginning of this paper. I could not resist that comment.

Secretary WEAVER. If I may make a postscript, I think one of the problems that faces us is we are a gadget oriented society. When we come up with a gadget, no matter how superficial it may be, we get a response. When we come up with tough analytical problems that have great meaning and importance, we are faced with the situation you mention today.

Senator MUSKIE. Now that we have commiserated with each other, you may proceed.

Secretary WEAVER. We favor title II which has the objective of making full information available to the Governor and of furthering the uniform administration of Federal grant funds to the States. In this connection, the Department last year initiated a service to each of the Governors under which we provide his designated representative with quarterly reports on HUD supported projects within the State.

HUD has several programs which are administered through the States. Two of these are relatively new, the urban information and technical assistance program authorized under title IX of the Demon-