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TO: KEY ISSUES COMMITTEE -- ATTENTION JERRY FRIEDHEIM AND CHUCK COLESON
FROM: KEN KHACHIGIAN -- OCTOBER 22, 1968

HERE IS THE HOUSING STATEMENT. THERE IS A RUSH ORDER ON THIS, AND IT HAS ALREADY GONE OUT TO THE RN TOUR. I WOULD APPRECIATE IT IF KIC COULD GIVE IT QUICK SUBSTANTIVE REVIEW FOR ANY POSSIBLE ERRORS. IT HAS BEEN CLEARED THROUGH ALL PARTIES ON THIS END.

EARLIER THIS YEAR, IN A NATIONWIDE RADIO ADDRESS, I TALKED ABOUT STEPS WHICH COULD BE TAKEN TO ATTACK THE PROBLEMS OF SLUM HOUSING, RATHER THAN SPENDING HUNDREDS OF MILLIONS TO CLEAR MORE SLUM AREAS, TO DISPLACE MORE FAMILIES, AND TO BUILD MORE PUBLIC HOUSING, I OUTLINED IMAGINATIVE ENLISTMENT OF THE PRIVATE AND THE INDEPENDENT SECTORS, ENCOURAGEMENT OF PRIVATE OWNERSHIP, AND DEVELOPMENT OF THE PRIDE THAT CAN ONLY COME FROM INDEPENDENCE.

TODAY, I WANT TO EXPAND UPON THAT DISCUSSION AND PROPOSE A PROGRAM WHEREBY WE CAN BEGIN THE TASK OF REBUILDING THE CENTER OF THE AMERICAN CITY.


DESPITE THE VOLUMINOUS AMOUNT OF HOUSING LEGISLATION ENACTED INTO LAW OVER THE YEARS, THERE HAS BEEN RELATIVELY LITTLE PROGRESS TOWARD A TRUE WORKING PARTNERSHIP BETWEEN THE GOVERNMENT AND PRIVATE INDUSTRY IN THIS AREA. OUR PRESENT NEED, THEREFORE, IS FOR A GREATER VOLUME OF HOUSING PRODUCTION UNDER EXISTING LAWS RATHER THAN A VOLUME OF NEW LEGISLATION.

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, THOUGH CHARGED WITH ENCOURAGING THE MAXIMUM CONTRIBUTION OF PRIVATE CONSTRUCTION AND FINANCE TOWARD URBAN PROBLEM-SOLVING, HAS BECOME ENTANGLED IN ADMINISTRATIVE CHAOS. ITS POLICIES AND ATTITUDES HAVE DISCOURAGED RATHER THAN ENCOURAGED, THE FULL INVOLVEMENT OF PRIVATE ENTERPRISE IN OUR URBAN HOUSING PROGRAMS.

MY ADMINISTRATION WILL APPROACH THIS PROBLEM ON TWO BROAD FRONTS. FIRST, WE WILL BEGIN BY REVIEWING AND EVALUATING EXISTING PROGRAMS AND THEN ALLOCATE PRIORITIES TO THOSE PROGRAMS WHICH HAVE THE GREATEST POTENTIAL FOR PRODUCING THE HOUSING THAT IS SO URGENTLY NEEDED IN OUR ELIGIATED NEIGHBORHOODS OF OUR CITIES. AVAILABLE FUNDS MUST BE CONCENTRATED ON THE PROGRAMS THAT WILL PRODUCE THIS HOUSING. THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT WILL HAVE Acruminate THE AN ADMINISTRATION TO ACHIEVE THIS GOAL.

SECOND, MY ADMINISTRATION WILL ACT TO IMPROVE COMMUNICATION AND UNDERSTANDING BETWEEN THE PRIVATE HOUSING BUILDING INDUSTRY AND THE ENTERPRISE-DESTRUCTING RED TAPE AND THE PRESENT BUREAUCRATIC OBSERVATION FOR MAKING EVERY DECISION AT THE FEDERAL LEVEL WILL BE ELIMINATED.

INCENTIVES WILL BE GIVEN CONSTRUCTORS WHO CAN PRODUCE EA
BE LOOKED TO TO DEMONSTRATE HOW THE JOB CAN BEST BE DONE. THE IMPLEMENTATION OF THESE PROGRAMS WILL REFLECT AN AWARENESS THAT THE GREAT MAJORITY OF LOCAL PROBLEMS ARE BEST APPROACHED THROUGH LOCAL INITIATIVE, WITH ONLY SUCH INVOLVEMENT OF THE FEDERAL GOVERNMENT IN THE FREE ENTERPRISE PROCESS AS PROVES ABSOLUTELY NECESSARY. I KNOW ALSO, IF FREE ENTERPRISE IS TO REALIZE ITS FULL POTENTIAL, THERE MUST BE THE OPPORTUNITY FOR REASONABLE, HONEST PROFIT. TANGIBLE INVOLVEMENT OF PRIVATE INVESTMENT AND PRIVATE INDUSTRY IN OUR URBAN PROBLEMS WILL RESULT IF THE OPPORTUNITY FOR SUCH PROFIT IS MADE POSSIBLE BY AN UNDERSTANDING GOVERNMENT. FURTHER, THE STRUCTURE OF HUD AND ITS REGULATORY PROCEDURES MUST BE SIMPLIFIED IF OUR URBAN PROGRAMS ARE TO BE TRULY WORKABLE. THE OVERLAPPING OF AUTHORITY FOR PROGRAM ADMINISTRATION MUST BE CORRECTED.

THE ULTIMATE MEASURE OF SUCCESS IN OUR EFFORTS TO REBUILD OUR NATION'S DETERIORATED NEIGHBORHOODS AND TO PRODUCE THE HOUSING THAT SO MANY OF OUR CITIZENS URGENTLY NEED RESTS NOT ON LAWS ALONE. RATHER, IT DEPENDS HEAVILY ON THE EXTENT TO WHICH WE BRING ABOUT THE FULL INVOLVEMENT OF OUR NATION'S PRIVATE SECTOR AND ALL OF ITS PROVEN INITIATIVE AND MASSIVE RESOURCES IN SEEKING TO ACHIEVE OUR NATIONAL GOAL OF URBAN BETTERMENT.

AS I HAVE INDICATED, THE FAILURE OF EXISTING PROGRAMS LIES IN THE LACK OF ALLOCATING PRIORITIES TO THOSE PROGRAMS WHICH HAVE THE GREATEST POTENTIAL FOR REBUILDING THE CENTER CITY, ONE OF THE PRIORITIES OF A NIXON ADMINISTRATION WILL BE TO EMPHASIZE PRIVATE HOMEOWNERSHIP IN THE BLIGHTED AREAS OF OUR COUNTRY. IT IS MY GOAL TO PROVIDE THE OPPORTUNITY THROUGH A COMBINATION OF PUBLIC AND PRIVATE EFFORT FOR MILLIONS OF DISADVANTAGED AMERICANS FOR THE FIRST TIME TO OWN THEIR OWN HOMES.

SENATOR EDWARD BROOKE HAS SUCCINCTLY STATED THE CASE FOR HOMEOWNERSHIP: "... HOMEOWNERSHIP CAN BE OF FARTHER BENEFIT TO THE POOR THAN A MERE ROOF AND FOUR WALLS. HOMEOWNERSHIP CAN BE A SOURCE OF PROUD AND STABILITY, INFLUENCES THAT WILL EXTEND TO THE HOMEOWNERS' JOB AND FAMILY LIFE." YET, AMONG NON-WHITES, ONLY 38 PERCENT OF ALL HOUSING UNITS ARE OWNED-OCUPIED WHILE 62 PERCENT ARE RENTED.

I AM PROUD TO NOTE THAT REPUBLICAN MEMBERS OF THE SENATE AND HOUSE OF REPRESENTATIVES GAVE THE TRUE INITIATIVE TO THE HOMEOWNERSHIP PRINCIPLE IN OUR HOUSING LEGISLATION, AND IN MY ADMINISTRATION THAT INITIATIVE WILL BE CARRIED ON TO GIVE PRIVATE HOMEOWNERSHIP A GREAT IMPETUS.

THE TECHNIQUE OF THE CURRENT ADMINISTRATION IS TO PROMISE MORE FEDERAL MONEY, MORE URBAN RENEWAL AND MORE PUBLIC HOUSING, BUT THE NUMBER OF HOUSING UNITS DESTROYED BY URBAN RENIAL IS ESTIMATED TO BE FOUR TIMES GREATER THAN THE NUMBER CREATED. FEDERAL CONSTRUCTION PROGRAMS DISPLACE ABOUT 70,000 FAMILIES AND INDIVIDUALS PER YEAR, AND YET, IN URBAN AREAS, 24 PERCENT OF ALL HOUSING UNITS ARE STILL CONSIDERED SUBSTANDARD. AN ESTIMATED TWO-THIRDS OF THOSE DISPLACED BY URBAN RENIAL PROJECTS ARE MINORITY GROUPS FOR WHOM THE PROBLEMS OF HOUSING ARE OFTEN MOST DIFFICULT.

PUBLIC HOUSING IN ITSELF IS NOT AN EFFECTIVE ANSWER TO THE URBAN PROBLEMS WHICH FACE OUR CITIES AND DEPRESSED RURAL AREAS. IT SIMPLY CANNOT BE BUILT FAST ENOUGH AND IN SUFFICIENT QUANTITIES TO MEET OUR NATIONAL NEEDS. FURTHER, PUBLIC HOUSING ONLY UPGRADES THE MATERIAL SURROUNDINGS WITHOUT GIVING ITS RESIDENTS THE SAME SENSE OF RESPONSIBILITY WHICH COMES FROM PRIVATE HOMEOWNERSHIP. ONE EXPERT SAYS: DURING THE LAST THIRTY-FOUR YEARS THAT THE AUTHORITATE
INVOLVED IN THE HOUSING BUSINESS, IT HAS ONLY BUILT A LITTLE MORE THAN 600,000 UNITS. THAT MEANS JUST ONE PERCENT OF THE NATION'S HOUSING SUPPLY HAS BEEN BUILT FOR ACCOMMODATION BY LOW AND MODERATE INCOME FAMILIES."

OUR SOLUTION TO THESE PROBLEMS -- AND SOMETHING TO WHICH I WILL GIVE PRIORITY IN MY ADMINISTRATION -- LIES IN TAKING THE HOMEOWNERSHIP PRINCIPLE AND EXTENDING IT INTO THE CENTER OF OUR URBAN AREAS. IF GIVEN THE PRIORITY IT REQUIRES, IT WILL CONVERT TENANTS INTO HOMEOWNERS. IN THE MULTI-UNIT DWELLINGS WHICH DOMINATE THE HOUSING IN OUR CITIES, HOMEOWNERSHIP CAN BE BROUGHT ABOUT THROUGH THE USE OF AN AGE-OLD, BUT NEGLECTED, CONCEPT OF TENURE: THE CONDOMINIUM.

THE MODERN CONDOMINIUM IS AN APARTMENT HOUSE WHERE RESIDENTS ENJOY EXCLUSIVE OWNERSHIP OF THEIR INDIVIDUAL APARTMENTS MUCH IN THE SAME MANNER AS DOES THE OWNER OF A SINGLE FAMILY DWELLING. THE GOALS OF CONDOMINIUM, A FORM WHICH IS SAID TO PRE-DATE CAESAR, HAVE REMAINED CONSTANT: TO ENABLE PEOPLE IN APARTMENT HOUSES TO ACHIEVE THE PRIVILEGES NOW AVAILABLE TO HOMEOWNERS. THE CONDOMINIUM ALSO ENCOURAGES DEMOCRATIC PARTICIPATION IN PLANNING THE AFFAIRS OF THE COMMUNITY. IT PROVIDES AS DID OUR TOWN MEETINGS IN THE EARLY DAYS OF THE REPUBLIC THE FOUNDATION FOR BROADER PARTICIPATION IN THE COMMUNITY.

THE CONDOMINIUM -- WHICH IS A "HIGH-RISE HOME" -- IS NOT ENTIRELY NEW AS A TOOL FOR LOW-INCOME HOMEOWNERSHIP. NOTABLE EXAMPLES OF THE USE OF CONDOMINIUM EXIST IN BOSTON, CHICAGO, AND LOS ANGELES AND OUR OTHER MAJOR CITIES. THE EXPERIENCE IN LOS ANGELES GOES FAR TO SHOW HOW WE CAN BEGIN TO BREAK THE POVERTY CYCLE. THERE, PRIVATE INDUSTRY, WITH ASSURED FINANCING, HAS INVOLVED THE CONSTRUCTION OF SO-CALLED "TOWNHOUSE CONDOMINIUMS" IN A MODEL 10-UNIT PILOT PROJECT. THE WORK AND SUCCESS OF MANY OF THESE PROJECTS SHOULD BE WIDELY COPIED.

WE DO NOT NEED GREATER VOLUMES OF NEW LEGISLATION; WE NEED MORE PRODUCTIVE USE OF THE LEGISLATION WE NOW HAVE. IT IS TIME WE SOUGHT TO EXTRICATE OURSELVES FROM A LOW-INCOME HOUSING POLICY WHICH CREATES AND MAINTAINS TENANTS AND OVERLOOKS THE INTRINSIC BENEFITS WHICH FLOW FROM INDIVIDUAL HOMEOWNERSHIP. AS A COMMUNITY LEADER IN ONE NEIGHBORHOOD OF SUBSTANDARD HOUSING IN NEW YORK CITY, I HAVE SEEN HOW PEOPLE MUST HAVE INCENTIVE. THEY MUST HAVE PRIDE, AND WITHOUT THESE TWO THINGS, THERE IS NO REHABILITATION. I THINK THAT THE GOAL SHOULD BE TO MAKE THESE PEOPLE PROPERTY OWNERS RATHER THAN JUST TRANSIENT TENANTS MOVING AWAY EVERY FEW WEEKS." MY ANSWER TO THAT NEED IS A CONCERTED EMPHASIS ON THE "HIGH-RISE HOME" WHICH WILL GO FAR TO PROVIDING THE SENSE OF PRIDE WHICH COMES FROM HOMEOWNERSHIP.

OVER 100 YEARS AGO, THE REPUBLICAN PARTY PIONEERED THE HOMESTEAD LAWS. THIS LEGISLATION OPENED AMERICAN FRONTIERS, NOT ONLY GEOGRAPHICALLY, BUT POLITICALLY AS WELL. PEOPLE MOVED WEST TO STAKE OUT THEIR HOMESTEADS. THEY ACQUIRED PRIVATE PROPERTY--THEY ILLUMNED THE PROSPERITY--THEY BUILT THEIR OWN COMMUNITIES--DEVELOPED THEIR OWN COMMUNITY FACILITIES, SCHOOLS, HOSPITALS--AND AS PRIVATE HOMEOWNERS, THEY BECAME THE MAINSTREAM OF THE GREAT AMERICAN PRIVATE ECONOMY. I SAY THAT OVER-100 YEARS LATER THE RUGGED WEST IN THE SAME 100 YEARS OF AMERICAN CITIES. WE MUST PROVIDE "HOMESTEADS" FOR THOSE LOW INCOME FAMILIES PRESENTLY LIVING IN DEPLORABLE SUBSTANDARD CONDITIONS AND ALIENATED FROM SOCIETY.
AS PRIVATE HOMEOWNERS WITH A STAKE IN THEIR COMMUNITY, A PIECE OF
THE ACTION AND A RESPONSIBLE VIEW TOWARD THE STATE OF THEIR COUNTRY,
THEY WILL REBUILD THE CITIES--IT WILL BE THEIR SPIRIT AND THEIR
CONCERN, AS IT WAS WITH THE FRONTIERSMEN 100 YEARS AGO. THEY WILL
RESTABLISH THE PRIDE AND THE DIGNITY OF OUR NATION'S CITIES.

THOMAS JEFFERSON KNEW WHAT THIS SENSE OF PRIDE MEANS: "IT IS NOT
TOO SOON TO PROVIDE BY EVERY POSSIBLE MEANS THAT AS FEW AS POSSIBLE
SHALL BE WITHOUT A LITTLE PORTION OF LAND. THE SMALL LANDHOLDERS
ARE THE MOST PrecIOUS PART OF THE STATE."

THE CENTRAL PRINCIPLE OF A NEW FEDERAL HOUSING POLICY MUST BE TO
HELP PEOPLE RATHER THAN JUST CONSTRUCT BUILDINGS. THE CONDOMINIUM
IDEA EXPLOITED IN "HIGH-RISE HOMES" CAN GO FAR TOWARD HELPING US
ACHIEVE THAT END.

END
TO: ALAN GREENSPAN
FROM: CHUCK COLSON

RE: MY CONVERSATION WITH KHACHIGIAN ABOUT HOUSING STATEMENT. KHACHIGIAN SAID THAT HE ELIMINATED ALL OF THE DETAILS ON THE CONDOMINIUM PLAN BECAUSE HE THOUGHT THEY WERE TOO LONG AND DETAILED, BUT SUGGESTED THAT IF I COULD WRAP IT UP IN ONE PARAGRAPH AND ADD IT TO THE STATEMENT, I SHOULD DO SO. I THINK IT SHOULD BE DONE IN ORDER TO GIVE THE STATEMENT A LITTLE MORE MEAT AND SOMETHING NEW AND SUBSTANTIVE. ALSO IT IS IMPORTANT AS A WAY OF SHOWING THAT HE HAS THOUGHT THROUGH SPECIFICALLY HOW THIS PARTICULAR PROPOSAL MIGHT WORK. I SUGGEST THEREFORE THE FOLLOWING PARAGRAPH. THIS PARAGRAPH SHOULD COME RIGHT AFTER THE CONDOMINIUM PARAGRAPHS AND IMMEDIATELY BEFORE THE PARAGRAPH WITH BEGINS: "WE DO NOT NEED GREATER VOLUMES OF NEW LEGISLATION..."

"TO THIS END, I WILL PROPOSE THE CREATION OF A LOW COST PRIVATE HOMEOWNERSHIP INDEPENDENT GOVERNMENT CORPORATION TO WORK WITH PRIVATE BUILDERS AND DEVELOPERS AND TO ENCOURAGE THE FLOW OF PRIVATE CAPITAL. THE FUNCTION OF THIS CORPORATION WILL BE TO PROVIDE AN INTEREST DIFFERENTIAL SO THAT PRIVATE LENDERS MAY LOAN AT INTEREST RATES WHICH LOW INCOME FAMILIES CAN AFFORD AND TO GUARANTEE THE FULL AMOUNT OF LONG TERM MORTGAGES FOR ELIGIBLE PURCHASERS. UNDER THIS PLAN, THE PRINCIPAL REPAYMENT WOULD BE SPREAD OVER 25 YEARS WITH MORTGAGE PAYMENTS SPREAD OVER A FULL 30 YEARS SO THAT IN THE LAST 5 YEARS OF THE LIFE OF THE MORTGAGE, THE GOVERNMENT WOULD RECOVER A SUBSTANTIAL PORTION OF THE INTEREST SUBSIDY AND GUARANTEE COSTS. SUCH A PLAN WOULD PROVIDE THE OPPORTUNITY FOR HOMEOWNERSHIP TO HUNDREDS OF THOUSANDS OF FAMILIES NOW UNABLE TO PURCHASE THEIR OWN HOMES; AND THIS COULD BE ACCOMPLISHED AT MINIMUM COST TO THE FEDERAL TREASURY."

BEGINNING OF THE NEXT PARAGRAPH SHOULD START: THE SOLUTION TO OUR PROBLEMS LIES NOT ONLY IN NEW LEGISLATION BUT IN THE MORE SUBSTANTIVE USE OF THE LEGISLATION WE NOW HAVE. IN THE WORD, THE STATEMENT IS A PLENTY WIDE CAN.
Two weeks ago Louie received from doctors the sad news that he had inoperable heart disease. On Dec. 19 he lost his brother Robert, also a Press veteran, to heart disease, and the word about illness shook him up.

But he remained to work at the city desk, to make up his mind what to do. The alternatives were vast. He could have retired, to a life of ease, which he said was not attractive. He could have taken a less demanding assignment.

"I'll take next week off and decide what I'm going to do," he told a close friend.

He died as he was starting that vacation.

OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968

(Mrs. KELLY asked and was given immediate need for this legislation by point in the Reconn and to include ex• tranus e mater)

Mrs. KELLY. Mr. Speaker, it is a disgrace to our country that crime has become a national concern and is constantly increasing. Public order should be the first business of government. Law is long overdue. Although legislation is lenient and must be dealt with locally. However, when lawlessness reaches into every section of the country, it becomes a national problem. Congress must heed the cry of all our citizens by enacting an effective antipiracy legislation.

It is for this reason that I view as particularly important the House's failure to complete action today on the omnibus crime control and safe streets bill. I am glad that the unanimous-consent request to send the bill to conference was rejected. But he also said:

"The people and of this body's previous action is to me, unacceptable.

I have long been a devoted and active supporter of civil rights for all people, all minorities, and all groups. Support for this legislation has been and is my intention. I think, however, that in our real to support individual rights, we have too frequently confused the right of the criminal with the rights of the public.

It is axiomatic that two of the most basic rights of any citizen are his right to be secure in his home and to walk the street in safety. When those rights are not enforced, innocent hard-working citizens quail behind barred doors and only the denizens of the night stalk the streets. Such a situation is not civil liberty.

All too often have we seen the rights of the criminal upheld and infringed upon with uncalled for severity. When the interests of the public and the weak are trod upon with impunity. Therefore, I question the wisdom and the propriety of statements of some Members of this body, as reported in the press, that the Omnibus Crime Control and Safe Streets Act of 1968 will be killed or blocked unless certain provisions are eliminated. If anyone questions those provisions, I can understand. Indeed, if anyone fights for the elimination of those provisions, I can understand. Indeed, if anyone fights for the elimination of such provisions, I can understand.

I have studied the Senate amendments to the crime bill, and have listened to many lawyers arguing the pros and cons of them and I have taken note of the fact that there are many distinguished members of the bar in the other body who supported those amendments. However, I cannot support any frustra• tion of the will of this House on the basis of one's own personal constitutional views. Such action by those who oppose the President's legislation is not in accord with the democratic process.

I wish to call to the attention of this body some of the programs which would be eliminated by a preemptory rejection of this legislation. I have studied the Senate amendments to the House's bill and have found that it would be a national concern and is constantly increasing. Public order should be the first business of government. Law is long overdue. Although legislation is lenient and must be dealt with locally. However, when lawlessness reaches into every section of the country, it becomes a national problem. Congress must heed the cry of all our citizens by enacting an effective antipiracy legislation.

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TIME FOR CONGRESS TO LOOK INTO THE CONTENTION OF MAJOR LEAGUE BASEBALL OWNERS THAT THEY OPERATE A SPORT AND NOT A BUSINESS

(Mr. CABELL asked and was given permission to extend his remarks at this point in the Record to include extraneous matter.)

Mr. CABELL. Mr. Speaker, once again the time has come for Congress to look into the contention of major league baseball owners that they operate a sport and not a business. For it is becoming all too evident that what was once national game has now become the monopolistic province of a few profit-hungry, selfish men.

I am referring particularly to the Mobile/Dallas decision by National League clowns in which two additional cities, San Diego in California and Montreal in Canada, were added to the list of several league expansion moves. These recent actions raise anew the question of monopolistic practices among major league owners and taxpayers are entitled to attend a sport they cannot currently see.

Under this ruling, the National League's decision does not hold. Not only is a vast and untapped market in Dallas-Fort Worth still without major league baseball, but the adverse decision is to open only into those areas where fans would be given an opportunity to attend a sport they cannot easily see.

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Using the authority of the government to break up its partnership with them.

Mr. OTTINGER asked and was given permission to extend his remarks at this point in the Record to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, this is long overdue.

The former Irish Prime Minister, Sean F. Lemass, who welcomed President Kennedy to Ireland in June 1963, was also the President's guest at the White House in October 1963, said of President Kennedy after the tragic assassination:

Naturality John Kennedy's Irish-American background quickened our interest in his career and leadership. The rise to the august position of President of the United States of the
The following statement was approved by the Republican Coordinating Committee meeting in Washington, D. C., December 11, 1967

A PLAN FOR URBAN HOME OWNERSHIP

In America today, there is no challenge more vital, and more difficult than meeting the problems of our cities and their residents. We believe that any strategy designed to solve these problems must include, as key elements, programs to help realize the goal of "a decent home and suitable living environment for every American" -- the national goal enunciated by Congress in the landmark Housing Act of 1949. Republican leadership in the development and passage of this and numerous other important housing measures reflects our belief in the fundamental importance of housing to the well-being of our urban residents.

This year a Republican plan for home ownership has been sponsored by Senator Charles H. Percy of Illinois and Congressman William B. Widnall of New Jersey, with wide endorsement of Republicans in both Houses of Congress. The purpose of this program is to upgrade the quality of the nation's housing, to make home ownership available to lower-income families who have or can develop the capacity to accept this responsibility, and to provide needed technical assistance to local community organizations.

The central element of the plan is the establishment of a private non-profit National Home Ownership Foundation which would raise funds through the sale of Federally guaranteed bonds to private lenders. The Foundation would have two major functions:

* It would provide mortgage funds to non-profit, community organizations equipped to undertake a program of rehabilitation or construction of single or multiple family housing units, to be sold in turn to individual lower-income families. In this way, private mortgage financing, private organizations, and local initiative would be mobilized to make home ownership a reality to many for whom the means are unavailable today. Federal funds would be used only to provide a partial interest subsidy to the homeowner, which would be repaid if later his income increases. For each million dollars of continuing Federal interest subsidy, private home purchases of approximately $33 million could be supported.

* It would provide, when necessary, technical assistance to the community organizations to enable them to undertake and manage a sound home ownership program. In addition, it would offer to help these organizations participate in or develop programs such as basic education, job training, credit counseling and other support skills for the prospective home buyer. In helping to supply these tools of successful home ownership, at the same time, the Foundation could provide the service of aiding local organizations and individuals to find their way through the present maze of government agencies and aid programs.

Another feature of the plan would provide for the establishment of a system of mortgage payment insurance through private companies, if possible, to protect home buyers from foreclosures due to temporary interruption of income for causes beyond their control. Also, should the owner decide to sell his property, any capital gain would be his profit, after repaying the Foundation for the interest support he has received. This should encourage home improvements and proper maintenance.

(over)
This new plan of action is a most imaginative and constructive approach to improving the quality of our housing and the lives of lower-income families.

Under this plan the enormous resources, imagination, and strength of private organizations would be brought to bear against the problems of housing, particularly in urban areas. The operations of the Foundation and community organizations would encourage involvement of business, labor, the professions, universities, churches, civic groups, and other non-profit organizations, whose talents and energies for assisting in the solution of public problems have not been adequately tapped.

Government activity would be limited to risk bearing through a Federal guarantee of the National Home Ownership Foundation's bonds, and limited financial assistance for the interest subsidy. The emphasis of government would be on these supporting functions and away from direct operations and control.

Also, the residents of our blighted city areas would be encouraged to involve themselves actively in self-help programs leading to better housing, improved skills, and economic advancement. Too often, present programs have failed to generate a sense of self-reliance and self-help which will permit a man to advance through his own efforts.

Congressional hearings have evidenced a broadly based enthusiasm for this home ownership measure among community organizations and private enterprise groups who would be directly involved. We urge the Department of Housing and Urban Development to withdraw its opposition; for increased home ownership deserves bipartisan support and early action from Congress on a broadly acceptable measure.

This home ownership plan typifies the innovative and imaginative approach of Republicans to problems of housing and the urban environment, and demonstrates the Republican Party's commitment to finding new solutions to the growing problems of our lower-income urban citizens. The States and cities can also demonstrate their initiative in this field. For example, the State of Pennsylvania has created a housing agency to promote home ownership and rehabilitation to benefit the underprivileged.

These proposals are testimony to our belief that individual dignity, self-help and the involvement of private organizations are indispensable principles in shaping solutions to the complex problems facing urban America.

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May 24, 1968

vantage, or risk the danger of being trampled under the surge of unthinking feet—excited forward by careless power manipulators, people whom I call ‘millimeters of the absurd.’"

The 47-year-old Negro leader said he was going to "talk openly about the main subject of this debate. I refuse to be ‘chicken’ and keep my thoughts in secret half-whispered discussion.

"Let me tell it like It is. During the past winter a young brown-skinned man (an observer) came to live in Washington, D.C., and in only a short time has really shown us oldsters how to take over a city.

"He ‘jived’ masses of black leaders of many responsible Negro organizations in this town, even some of the sweet old ladies at church.

"We sympathized with our D.C. leaders' frustrations, but more importantly, he played up to their ego. Then all were invited to a secret meeting.

"And publicly our leaders nodded agreement to his plan to join forces and have a few short words about the world, came to live in Washington, D.C.

"But more because he has woke up and gone and seen things. Dr. Alexander said:

"To my knowledge were doing the violence acts that they had earlier urged on their poor black brothers.

"This city or nation cannot allow the poor to believe it is necessary to burn a slum house, the corner grocery store or clothing store to make Congress and the American people aware that existing hunger in rat and roach infested slums is a national disgrace.

"Dr. Alexander spoke out against a racial split that is only black acts that we know of who really want solutions are those who want to cut the mustard in an integrated society—

"but he urged that Negro men pool their money to own stores, banks, hotels.

"The idea of a Negro man for years, but we can’t fool him any more. He is talking to us. We give our civil rights. Now we must seek justice—not generosity, not benevolence, not pity, not sympathy or handouts.”

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

Mr. MANSFIELD. Mr. President, is there further morning business? If not, morning business is concluded.

HOUSING AND URBAN DEVELOPMENT ACT OF 1968

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The Assistant Legislative Clerk. A bill (S. 3497) to assist in the provision of housing for low- and moderate-income families, and to extend and amend laws relating to housing and urban development.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SPARKMAN. Mr. President, before we commence the debate on the Housing and Urban Development Act of 1968, S. 3497, I wish to make a brief comment.

As chairman of the Banking and Currency Committee and also the Subcommittee on Housing and Urban Affairs, I wish to express my appreciation to the members of the committee as well as to the members of the subcommittee for their cooperation and help in bringing S. 3497 to the floor of the Senate. In this connection, Mr. President, I express my gratitude to the members of the committee and the subcommittee for the wonderful cooperation they gave throughout this session—literally, throughout the months—in considering this bill. I also wish to express my appreciation and that of the members of both the committee and subcommittee to the staffs of the full committee and the subcommittee, as well as to the Senate legislative counsel's office; namely, Mr. John Reynolds—for the vast amount of work they did in the preparation of S. 3497 as well as in the preparation of Senate Report No. 1123 to accompany the bill.

I believe I can truthfully say that S. 3497 is the most comprehensive housing and urban development bill our committee has ever presented to the Senate. The bill contains, with numerous sections and subsections, which, on the one hand, extend and improve several existing housing and the Administration’s efforts to improve housing and urban development laws on the statute books today.

Mr. President, S. 3497 is not a bill that the committee “dreamed up” overnight. Quite to the contrary, S. 3497 represents the result of a two-session effort on the part of the subcommittee. Senators will recall that, after some 4½ months of deliberation during the first session of the 90th Congress, the committee reported on November 28, 1967, the proposed Housing and Urban Development Act of 1967—which is, S. 2706, Congress, however, did not have before S. 2700 could be considered. As a matter of fact, S. 2706 is still pending on the Senate Calendar, although it has now been outdated by S. 3497, the bill which we commenced to deliberate on today.

Rather than proceeding to consider S. 2700 early in the second session of the Congress, the decision was made that we should hold that bill in abeyance until the administration submitted its proposals for 1968 housing and urban development legislation.

On February 28, 1968, the President submitted to the Congress a memorandum on housing and cities. Accompanying the memorandum were the administration’s legislative proposals designed to implement the President’s message.

The administration’s proposed Housing and Urban Development Act of 1968 contained a majority of the basic ideas that were included in S. 2700. Therefore, the committee used S. 2700 as the basis for drafting the committee bill we have before us today. One might say, then, that the committee has now spent some 8 months in bringing S. 3497 to the Senate.

Mr. President, with the enactment of the National Housing Act of 1934, the United States Housing Act of 1937, the Housing Acts of 1949, of 1954, of 1966, the Housing and Urban Development Act of 1968, and the Demonstration Cities and Metropolitan Development Act of 1966, plus other measures, the Congress has provided many tools with which the American people have been able to obtain decent, safe, and adequate housing. These acts have also provided ways and means by which our cities, towns, and communities have been and are now able to fight blight, slums, and urban decay.

It must be remembered, however, that these acts taken as a whole, were never intended to be the complete answer—the sole solution—to our national housing problems nor to the multiplicity of problems we now find facing our cities. At best, these acts were intended to encourage and contribute to private enterprise and public effort in the direction toward helping our people to achieve the goal expressed in the policy of the Housing Act of 1949, which is “a decent home and suitable living environment for every American family.”

Mr. President (Mr. Goss in the chair), I shall dispense long enough to say that that housing policy was written into the act of 1949. At the time it was known as the Taft-Hartley Act, and it was under the guidance and leadership of those three distinguished pioneers in the field of adequate housing that the goal I have just quoted was established—that there should be the opportunity to aspire to and hope for “a decent home and suitable living environment for every American family.”

Taft and Senator Warner are no longer with us, but the distinguished Senator from Louisiana [Mr. ELLENDER], who was the other member of that famous trio, is still here. He has been a great leader, and one of our most active supporters of safe, sanitary, and decent housing.

Under these three great leaders we have achieved. Literally millions of families have been able to obtain decent places in which to live commensurate with their needs and at prices they are able to pay. And for the FHA and VA housing programs alone have aided some 17 million families to obtain decent housing. Several thousand cities, towns, and communities have been helped to rid themselves of their worst slums and blight and have become better places in which to work, play, worship, and live. One of the major achievements in the development of a mortgage insurance system with a Government guarantee and the FHA and VA programs provided by these measures have not reached down far enough to
help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. Also, urban development programs were sometimes found lacking in the type of help those who need housing the most. 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TITLES FEDERAL HOUSING ADMINISTRATION PROGRAMS FOR RENTAL HOUSING FOR LOWER INCOME FAMILIES

Title II, Mr. President, deals with the rental housing for lower income families. Let me say that section 201 of the title contains provisions similar to those which I described in title I for home ownership. In other words, what we are trying to do is to provide twin programs; namely, one for homeownership and one for rental opportunity for families of lower incomes, by having the houses built by private enterprise with a subsidy going where necessary and to the extent necessary in order to make it possible for the lower income families either to buy a home or to rent a unit.

This title is a companion title to title I, but for rental housing rather than homeownership. Section 201 of this title contains almost directly with title I in providing assistance to lower income families in rental projects. However, the renter would pay 25 percent of their income for housing costs before receiving a subsidy. It is believed that the 20 percent for a homeowner would be equivalent to 25 percent for a renter because the homeowner has other costs which the renter does not have, such as heat and maintenance. The authorization for assistance payments would be the same under this section as under the section I title I homeownership provision. It has been estimated that approximately 700,000 units would be contracted for under the monies authorized to be appropriated for this program—875 million for fiscal year 1969, $100 million for fiscal year 1970, and $125 million for fiscal year 1971. These units would be both new construction and rehabilitated housing units.

Title II also includes authorities to extend the public housing and rent supplement programs through fiscal year 1971. These programs are of benefit to the poorest families of our Nation whose incomes are so low that the new rent subsidy program explained above would be of little help. Under both the public housing and rent supplement programs, the tenant pays a certain portion of their income for rent—the public housing percentages determined locally and generally vary from 16 percent to 20 percent with allowance for children; the rent supplement percentage, as set by Federal law, is 25 percent. Under each of these programs, the Federal subsidy would not exceed 50 percent of the tenant pays and the economic rent. However, the new rent subsidy would be more flexible to attract large private investment, and it was logical: "We have got to wait until we get the redevelopment plan and are ready to go." As we all know it took many years passed before redevelopment was started. But today, to look at it. one would never dream that it was the area it was served years ago. There are marinated buildings there now—new homes and new rental units replacing that old slum. As a matter of fact, it is not fully developed, yet. I am not saying we should try to take the process over for urban renewal areas are made available to low- and moderate-income families; it also increased the rehabilitation grant ceiling from $1,500 to $2,500 to help lower income families hold on to their homes and make the improvements needed to meet the rehabilitation standards.

Mr. President, one of the great objections so far to urban renewal has been that the undertaking requires such a long period of time to complete. This is true because urban renewal is a complicated matter, and, sooner or later, the housing agencies get started in the demolition process and finally remove the buildings, there is a vast area with nothing on it, and before it can be redeveloped, many years may have passed. The provision we have included in the committee bill permits the urban renewal program to take the entire area which can be designated as urban renewal programs. These smaller areas are larger than the whole which has been planned but permits such areas to be suited with work and development in a limited way rather than taking the whole. Mr. President, I may add, the neighborhood development programs would be undertaken on an annual basis. Let me cite an example right here in Washington—familiar to all of us in any way so long. As we well known the worst slums in the world was right in the shadow of the Capitol dome. I referred, of course, to the Southwest Washington area. I have been down there, and looking up, and there was the great, magnificent Capitol dome. It seemed the most ironic thing in the world that right in the shadow of the dome of the Capitol of the mightiest nation in the world we had slums that were absolutely incredible.

Finally, the slum clearance program under title I of the Act of 1949 was set up. I guess the urban renewal provision in the committee bill would permit any of the earliest in the country. As I referred, of the total area which had been cleared, it took seven years to get the buildings torn down. In fact, it seemed to me that it was going to be forever before any new buildings would be constructed in that area. Finally the buildings were started.

I remember saying to the director of our program, "When are we going to see some brick and mortar activity in the area?" There was always the same reply, and it was logical: "We have got to wait until we get the redevelopment plan and are ready to go." As we all know it took many years passed before redevelopment was started. But today, to look at it. one would never dream that it was the area it was served years ago. There are magnificent buildings there now—new homes and new rental units replacing that old slum. As a matter of fact, it is not fully developed, yet. I am not saying we should try to take the process over for urban renewal areas are made available to low- and moderate-income families; it also increased the rehabilitation grant ceiling from $1,500 to $2,500 to help lower income families hold on to their homes and make the improvements needed to meet the rehabilitation standards.

Title VI-URBAN PLANNING FACILITIES

The most important section in this title is section 601, which would rewrite the 701 urban planning provision and amend it to cover rural districts. This

TITLES-URBAN PLANNING AND DEVELOPMENT

This title contains 19 sections amending existing law to improve and make more effective existing FHA insurance programs. I said at the beginning that the committee bill consisted of several titles, and many provisions amending existing law. That accounts in large part for the great volume of the bill we have reported. We are amending, by and large, existing legislation. Title III is one of the most significant sections of the committee relative to this title is its report language outlining FHA's responsibilities in providing housing for all eligible families of this Nation regardless of the location of the property; also in helping to meet the need for better existing programs in the rehabilitation of existing units in connection with urban renewal.

This title would establish a new Government bond insurance system to help finance the acquisition and development of new communities. Under existing law, FHA is authorized to insure mortgage loans used for this purpose. This authority was given in its present form in 1966 but no mortgage has yet been insured under it. The bond financing device would be a much superior method and should provide the financing at reasonable terms and with considerable flexibility to attract large private investors into this worthwhile endeavor.

This title is section 501 establishing a new neighborhood development program with the intent of speeding up new neighborhood development program in Southwest Washington. Under this program, an annual grant would be made to a city to carry out small area redevelopment with the intent of speeding up the urban renewal process and showing visible accomplishments in short periods of time. This would replace much of the existing program whereby large areas of slums would be cleared and new buildings would be constructed in a limited way rather than take the entire area all at one time.
May 21, 1968

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would be a most significant step in our Government's efforts to stabilize and, in fact, rejuvenate the life and economy of rural districts, from which there has recently been such a high migration into our crowded cities.

Section 607 of this title would also encourage rural district development by providing for Federal incentive grants to such districts similar to those grants now available to metropolitan areas around our large cities.

I want to throw this thought in right here, because I think it is something most people overlook. When we talk about the slums and the rundown, deteriorated, unfit houses in city areas, we often overlook the fact that the worst slums are in rural areas. There are more poor people living in the rural areas than in all the big cities combined. Over half of the poor people of this country live in rural areas. We are proceeding in this bill provisions so that an attack may be made on conditions in rural areas, where there is a great demand for housing.

We need not be afraid of building houses in rural areas. We have had experience. In fact, in the set of 1949, 19 years ago, I offered an amendment and it was adopted. It became title V of the 1949 Housing Act. It was a simple provision. The provision authorized loans to be made to rural families and persons who needed housing. Under title V of the 1949 act hundreds of millions of dollars have been loaned to rural families for housing.

I am sure the present President of FNMA (Mr. Oakes in the chair), who is a farm boy, would recognize that a boy like I am, can do as I do. When we ride around the country we can pick out, as we ride alone, the housing that has been built under the title V program. This housing is one of the most cheeling sights one can see. The program has a remarkable record of being financially sound. An excellent record has been achieved. In fact, that is true in the housing field in general. I think all housing programs must have exceed these expectations that those who pioneered many years ago could have dreamed of.

This title would amend the FNMA Charter Act of 1964 by providing for the split-off of the secondary mortgage market facility into a privately owned corporation which would be called the Federal National Mortgage Association, and the retention of the other functions of FNMA into a new Government National Mortgage Association—FNMA. This partition would take place gradually, but not earlier than May 1, 1979, nor later than May 1, 1978. The Government-owned preferred stock would be paid off promptly by FNMA issuing subordinated obligations. Once the preferred stock is paid off and the interim board of directors is appointed, the FNMA Corporation would no longer be considered a Government corporation and, thus, its financing operation would be excluded from the regular Government budget. FNMA would continue to have Federal backup support to the extent of $2 billion borrowing authority from the Treasury. FNMA would continue its special assistance and management and liquidation functions, would continue to issue participation certificates secured by mortgages, and would be given new authority to guarantee mortgage-backed securities issued by the new FNMA and other private-approved issuers. The security would be limited to FHA and VA mortgages.

By making the FNMA private, it is hoped to give it more strength and flexibility to carry out its charter responsibilities. It is hoped to guard it from the mistakes made in the past. In the public interest, the Federal Government would continue to have a strong hand in the control of its management through the makeup of the Board and its charter provisions.

This title would authorize the creation of federally chartered, privately funded, mortgage-backed mortgage insurance companies in the pool, to cover losses and also would provide for insurance coverage in years of low-flood risk. Other non-risk-bearing insurance programs may be required to finance flood insurance, as a joint venture between the Federal Government and the private insurance industry. These should be permitted as an alternative, but only if necessary, in all Federal program with or without participation by companies, agents, or brokers as fiscal agents. The facilities of the private insurance industry would be fully utilized in carrying out the program. Private insurance companies may assume a portion of the risk in carrying out the plan, or could participate on a nonprofit basis. Other programs may be required as a condition of the plan, and the actual arrangements of the program. The Federal Government would make premium equilibration payments to the appropriate agents to cover losses and also would provide reinsurance coverage to the pool for excessively high losses. Insurance companies in the pool would pay a premium to the Government for flood insurance coverage in years of low-flood risk. Other non-risk-bearing insurance companies would participate in the program as fiscal agents of the pool.
Mr. JAVITS. Mr. President, will the Senator yield to me at that point?

Mr. SPARKMAN. Let me add one further thought.

That was adopted, and, with changes that have taken place from time to time since then, one of the most remarkable jobs in the history of this country has been done in building housing to house students and faculty members at our overcrowded and overcrowding colleges throughout this country.

I do not know what the colleges would have done without it. I believe I am safe in saying that there is not a single college in my State that has not benefited, and benefited immeasurably, from this program.

But, Mr. President, we have written a bill which does not yet use up the amount of Federal outlay, and I believe the Secretary of HUD required a statement of closeout in the sale or lease of certain unsold tracts of such land would be required to close purchased land in interstate commerce of HUD authority to require full record listing certain required information about the ownership of the land, its title, its physical nature, its access and egress by roads and utilities and related matters. Pertinent extracts of this report would have to include in a property report submitted to the purchaser before the sale is consummated.

Mr. JAVITS. Mr. President, will the Senator yield to me at that point?

Mr. SPARKMAN. I thank the Senator.

Mr. JAVITS. I thank the Senator.

Mr. SPARKMAN. Under another section of this title, new authority would be given to the Secretary of HUD to increase the amount of Federal money in sufficient amounts to take care of all the loans that the colleges needed.

We are not doing away with the direct loan program—we are merely setting up an alternative method of financing. I think it will be of tremendous help.

As the Senator from New York has pointed out, it would have relatively little impact on the budget.

Mr. JAVITS. I thank the Senator.

Mr. SPARKMAN. I thank the Senator.

Under another section of this title, this new authority would be given to the Secretary of HUD to increase the amount of money to increase the amount of model cities program by $12 million. By this action, the Senate judges that a third round of cities would apply for planning assistance under this program. The bill would provide that the funds would be used for operating and fiscal 1970 for model cities. These funds are used as supplementary grants to the model cities in our existing law.

In conclusion, Mr. President, S. 3497 is a bill like many others which we have brought the Senate from the Banking and Currency Committee. It is a bill that continues our many past efforts toward making the American people obtain the home they declared in the Housing Act of 1949, "a decent home and suitable living environment for every American family."

And like any other measure which comes before this body, it is a bill that contains provisions that will be supported by some and opposed by others.

The bill was not easy to arrive at in our committee. The committee unanimously reported the measure, but many of the provisions represent a compromise view of the part of different members of the committee.

I can say very candidly that there are some provisions in the bill which, if I had been writing the bill, would not be in the bill. However, the bill represents the bringing together of the thinking of the members of the committee who worked long, hard, and earnestly on getting out a bill.

I call attention again to the fact that this bill is not something new that has just been developed or that the committee felt was forced upon it.

We started working on this bill nearly 2 years ago. We started working on housing for veterans who could be discharged from service at the end of World War II, and veterans who could be discharged from service at the end of World War II, and veterans who could be discharged from service...
made of the Secretary. Anyone can clearly see that there is no question about our acceding to demands being made upon us. We are sympathetic with the representatives of the poor who present to us that we had seen as a great need in this country.

Our response is a response that has gone back several years now, in association of all of the things that have been presented in this bill that has been carefully worked on for many months now. Every member of the committee has participated and worked cooperatively with representatives from HUD and with the Secretary of Housing and Urban Development.

It has been a great honor and privilege for me to work under the leadership of the Senator from Alabama. I certainly support everything the chairman has said this morning.

Mr. SPARKMAN. Mr. President, I certainly thank the Senator from Illinois, and I share with him the feeling he has made of the Secretary. Anyone can made upon us.

Representatives of the poor who present to about our acceding to demands being carefully worked on for many months legis to me to work under the leadership with representatives from HUD and with the Senator from Texas [Mr. TOWER], the ranking minority member of the committee, is always most helpful and co-operative.

The same thing is true with respect to the Senator from Utah [Mr. BENNETT], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Illinois [Mr. POMMER], and the Senator from Virginia (Mr. HOOVER).

I could go right down the list on the Democratic side also.

Mr. President, perhaps I should just list the sponsors of the committee and the sponsors of the organizations for financing up to 80 percent of preconstruction costs in connection with federal assisted low and moderate income housing projects. These loans would be generally required to meet income limits established for occupancy under the 221(d)(3) below-market interest rate rental projects.

The maximum mortgage would be converted to noninterest-bearing loans to nonprofit organizations for financing up to 80 percent of preconstruction costs in connection with such projects. The nonprofit organizations would be able to supplement and maintain adequacy of the new fund. Agreement with low and moderate-income families

Title II—Lower Income Housing Homeownership for Lower Income Families

Section 101.—Adds a new section 238 to title II of the National Housing Act to establish a mortgage insurance program based on an interest rate subsidy to provide homeownership for lower income families. The interest rate subsidy payment would be paid by the Secretary of the Housing and Urban Development to the mortgagee could only be made with respect to new or rehabilitated housing construction financed under the FHA. Section 221(d)(1) below-market interest rate rental projects: (1) To be converted to noninterest-bearing loans to nonprofit organizations for financing up to 80 percent of preconstruction costs in connection with such projects. The nonprofit organizations would be able to supplement and maintain adequacy of the new fund.

Title III—Condominium and Cooperative Ownership for lower income families

Section 105.—Amends section 221 of the National Housing Act by adding new sub-sections (f) and (g) to permit expansion of 221(d)(3) below-market interest rate rental projects: (1) To be converted to noninterest-bearing loans to nonprofit organizations for financing up to 80 percent of preconstruction costs in connection with such projects. The nonprofit organizations would be able to supplement and maintain adequacy of the new fund.
Insurance protection for homeowners

Section 107.—Authorizes the Secretary of HUD, in cooperation with the private insurance industry, to develop a plan for establishing an insurance program to enable homeowners to meet their monthly mortgage payments in times of personal economic adversity. Also directs the Secretary to make a report on his actions along with his recommendation for establishing such a program within 6 months following enactment of this act.

National advisory commission on low-income housing

Section 108.—Establishes a National Advisory Commission on Low-Income Housing to undertake a comprehensive study and investigation of the resources and capabilities in the public and private sectors of the economy which may be used to fulfill more completely the objectives of the national goal of "a decent home and suitable living environment for every American family," particularly as such goal relates to low-income families. The Commission is directed to submit to the President and the Congress an interim report with respect to its findings and recommendations not later than July 1, 1968, and a final report not later than July 1, 1970.

National Homeownership Foundation

Section 109.—Create a National Homeownership Foundation, the purpose of which would be to provide technical and limited financial assistance to public and private organizations which have as their purpose the development of homeownership opportunities for lower income families. The Foundation would be a Government-chartered nonprofit private corporation, consisting of 18 members, 13 of whom would be appointed by the President with the advice and consent of the Senate. The remaining three members would be the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Director of the Office of Economic Opportunity. The Foundation would also be authorized an appropriation of $20 million in fiscal year 1969 and in carrying out its prescribed functions.

TITLE II—RENTAL HOUSING FOR LOWER INCOME FAMILIES

Part A—Private Housing

Rental and cooperative housing for lower income families

Section 201.—Adds a new section 230 to Title II of the Housing and Urban Development Act of 1965 to provide rental and cooperative housing for lower income families. Section 201 would carry a market interest rate, but the Secretary of HUD would pay to the mortgagor on behalf of the mortgagor an amount equal to the difference between the interest rate and 1 percent of contract rent and mortgage insurance premium at the market rate and the monthly payment for principal, interest, and their widows.

Mortgage insurance premiums for servicers and their widows

Section 202.—Amends section 232 of the National Housing Act to permit payment of FHA insurance premium by the Secretary of Defense and the Secretary of Housing and Urban Development to provide rental assistance to military personnel and their widows. Section 202 would not be removed in the case of section 221 of this Act.

Seasonal homes

Section 203.—Adds a new section 203(h) to the National Housing Act to authorize FHA to insure mortgages on seasonal homes not exceeding $10,000 and 75 percent of the appraised value on an acceptable risk basis. Section 203 would also increase the maximum amount of insurance to $15,000. Section 203 would not be removed in the case of section 221 of this Act.

Modification in terms of insured mortgages covering multifamily projects

Section 203A.—Adds a new section 210 to the National Housing Act to authorize FHA to refinance any insured mortgage for the elderly mortgagor (up to, or a reasonable portion of, a maximum or minimum mortgage amount) which would be refinanced under this program.

Rental supplement program

Section 202.—Amends section 101 of the Housing and Urban Development Act of 1969 to increase the appropriation authority for the rental supplement program by $46 million for fiscal year 1970 and $100 million for fiscal year 1971. Also authorizes State or locally assisted rental supplement benefits.

Public housing projects

Section 104.—Amends section 15 of the U.S. Housing Act of 1937 to authorize the Secretary of HUD to enter into grant contracts with local housing authorities to assist them in upgrading their management activities and to provide tenant services to families occupying public housing. Authorities are authorized to pay all or part of the rent paid by the tenant.

Public housing in Indian areas

Section 106.—Amends section 1 of U.S. Housing Act of 1937 to increase the annual contribution contract authority by $100 million on enactment and by $150 million in fiscal year 1970, and by $20 million in fiscal year 1971.

Condominiums

Section 302.—Amends section 234(c) and (f) of the National Housing Act to: (1) Provide for a new downpayment and maximum mortgage limitations for FHA condominium programs as are provided for the regular single-family FHA section 203(b) program, (2) permit blanket mortgages to cover four or more units instead of the present limit of five or more units, and (3) permit FHA insured mortgage on a condominium project with two to 11 dwelling units in which the lowest covered by an FHA-insured project mortgage.

Insurance of loans for purchase of fee simple titles from lesors

Section 305.—(a) Adds a new section 240 to the National Housing Act to permit FHA to insure loans of homeowners financing the purchase of homes in which their homes are located where the principal amount of the mortgage is $15,000 or less.

Section 305.—(b) Amends section 440 of the Home Owners Loan Act of 1933 to permit saving and loan associations to invest in the loan described above.

Extend section 221(d) (2) mortgage insurance to projects in rural areas

Section 306.—Amends section 221(d) (2) of the National Housing Act to authorize mortgage insurance for two-, three-, and four-family rural housing units to tenants if such units are owned by a nonprofit organization and to provide tenant services to families occupying the housing. Remove dividend restriction from nonwelfare facilities in section 211 projects

Section 307.—Amends section 221 of the National Housing Act to remove the requirement that a minimum of 50 percent of units in such project be owned by a nonprofit organization and to provide tenant services to families occupying the housing.

Supplemental loan program for program financed with FHA insured mortgages

Section 309.—Amends section 234 of the National Housing Act to authorize the Secretary of Housing and Urban Development to make a supplemental loan to a loan insured by FHA for the term of the mortgage on a one-to-four dwelling unit property, provided that the supplemental loan be equal to the lesser of $10,000, and 75 percent of the payment of any mortgage insurance premium on the home improvement mortgage.
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$5,000; (2) increase the maximum maturity for FHA mortgages securing sub-

division development from 7 to 10 years with

further authority placed in the Secretary of

HUD to go beyond a 10-year maturity if he

determines such longer term is necessary.

Rehabilitated multifamily projects in urban

renewal areas which have been rehabilitated

by local agencies.

Term of FHA mortgages for land

development

Section 311.—Amends section 201(d)(1)

of the National Housing Act to increase the

maturity for FHA mortgages securing sub-

division development from 7 to 10 years with

further authority placed in the Secretary of

HUD to go beyond a 10-year maturity if he

determines such longer term is necessary.

Rehabilitated multifamily projects in urban

renewal areas which have been rehabilitated

by local agencies.

Mortgage insurance

Section 312.—Amends section 220(d)(3)

(B)(ii) and 221(d)(3)(B)(iii) of the National

Housing Act to permit FHA insurance under

sections 230 (urban renewal housing) and

231(d)(3) (low and moderate income fami-

lies) for multifamily properties in urban

renewal areas which have been rehabilitated

by local agencies.

Mortgage insurance

Section 313.—Amends section 221(d)(3)

(B)(ii) and 222(d)(4)(B)(iiii) of the National

Housing Act to permit FHA insurance under

sections or the titles of the National Hous-

ing Act to increase the maturity for FHA

mortgages securing multifamily projects in

urban renewal areas which have been rehabili-

tated by local agencies.

Mortgage insurance

Section 314.—Amends section 223 of the

National Housing Act to permit refinancing

of mortgages for single family housing and

sections or the titles of the National Hous-

ing Act to increase the maturity for FHA

mortgages securing multifamily projects in

urban renewal areas which have been rehabili-

tated by local agencies.

Mortgage insurance

Section 315.—Amends section 230 of the

National Housing Act to authorize mortgage

insurance for multifamily projects in urban

renewal areas which have been rehabilitated

by local agencies.

Mortgage insurance

Section 316.—Amends section 311 of the

National Housing Act to authorize mortgage

insurance for multifamily projects in urban

renewal areas which have been rehabilitated

by local agencies.

Mortgage insurance

Section 317.—Amends section 231(d)(1)

of the National Housing Act to authorize

mortgage insurance for multifamily projects in

urban renewal areas which have been rehabili-

tated by local agencies.

Mortgage insurance

Section 318.—Amends section 231(d)(2)

of the National Housing Act to authorize

mortgage insurance for multifamily projects in

urban renewal areas which have been rehabili-

tated by local agencies.
for low and moderate income housing. Taking interim steps to alleviate harmful conditions in any slum and blighted area of the community which is planned for substantial clearance, rehabilitation, or urban renewal and code enforcement in the near future but which needs some immediate short-term public action until permanent action can take place. Such interim assistance grants could not exceed two-thirds of the cost of planning and carrying out the interim program and the project could be made to any community with a population of 50,000 or less. A workable program is a prerequisite of an interim assistance program. Also, relocation assistance and payments would be available to those displaced as a result of the interim program. This section also requires the Citizens and Interim of HUD, wherever feasible, to encourage the employment of unemployed or underemployed residents of the area in carrying out activities under this section.

Rehabilitation loans

Section 512.—Amends section 512 of the Housing Act of 1949 to provide that a majority of the housing units provided in urban rehabilitation loan program from October 1, 1969, through fiscal year 1970, and (2) authorizes such loans in areas other than urban renewal and concentrated code enforcement areas, which are scheduled for rehabilitation or urban renewal, to be made for a reasonable period of time where the property is in a dilapidated residential condition and is in violation of federal or state codes.

Low and moderate income housing in residential and area renewal areas

Section 511.—Revision section 511 of the Housing Act of 1969 to require that a majority of the housing units provided in urban rehabilitation loan program from October 1, 1969, through fiscal year 1970, and (2) authorizes such loans in areas other than urban renewal and concentrated code enforcement areas, which are scheduled for rehabilitation or urban renewal, to be made for a reasonable period of time where the property is in a dilapidated residential condition and is in violation of federal or state codes.

Comprehensive planning

Section 605.—Revises section 701 of the Housing Act of 1964 to extend interim planning requirements in the future but which needs some immediate short-term public action until permanent action can take place. Such interim assistance grants could not exceed two-thirds of the cost of planning and carrying out the interim program and the project could be made to any community with a population of 50,000 or less. A workable program is a prerequisite of an interim assistance program. Also, relocation assistance and payments would be available to those displaced as a result of the interim program. This section also requires the Citizens and Interim of HUD, wherever feasible, to encourage the employment of unemployed or underemployed residents of the area in carrying out activities under this section.

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Borrowings provisions

Section 809.—Preserves causes of action and legal proceedings existing or instituted by or against the Federal National Mortgage Association prior to the effective date so that such actions and proceedings will not abate.

Transitional provisions

Section 810.—Provides that the transitional period would begin on the “effective date” and terminate when at least one-third of the stock is owned by private investors in the homebuilding, underwriting, real estate, and related industries but no sooner than May 1, 1970. For May 1, 1973. During this period the President of the Federal National Mortgage Association will be appointed by the President of the United States with the advice and consent of the Senate and the Board of Directors would be limited to nine members. In the first year all nine members would be appointed by the Secretary of Housing and Urban Development, in the second year seven would be appointed by the Secretary and two would be elected by the stockholders, and in the third year and subsequent period, five members would be appointed by the Secretary and the remainder elected by the stockholders. One of the nine members appointed would have to be the President of FNMRA.

Title IX—National Housing Partnerships

Sections 901-911.—Authorizes the creation of National Housing Partnerships in order to encourage private investors to provide low and moderate income housing in substantial volume on a nationwide scale. Such a National Housing Partnership would form partnerships with local investors for the construction of homes for low and moderate income families. The title would authorize the creation of a new Federal National Mortgage Association to invest in such partnerships.

Participations

Section 812.—Amends section 302(e) of the Federal National Mortgage Association Charter Act (Pub. L. 89-97) to exempt as a trustee under the control of the Secretary of Housing and Urban Development, the Government National Mortgage Association, from the real estate industry, and one from the farming lending industry.

Treasury-held preferred stock

Section 912.—Would be retired as rapidly as possible after the effective date. Common stock

Section 913.—Would continue to require mortgage sellers to purchase common stock; also each mortgage servicer would be required to purchase an amount of mortgage serviced in common stock.

Participations

Section 914.—Amends section 304 of such act to authorize the new Federal National Mortgage Association to issue securities backed by the pool of portfolio mortgages. This section would also authorize the Government National Mortgage Association to guarantee such securities as well as the new Federal National Mortgage Association.

Subordinated and convertible obligations

Section 915.—Amends section 304 of such act to authorize the new Federal National Mortgage Association to issue such securities back by the pool of portfolio mortgages. This section would also authorize the Government National Mortgage Association to guarantee such securities as well as the new Federal National Mortgage Association.

Special assistance authorization

Section 916.—Amends section 304 of such act to authorize the new Federal National Mortgage Association to issue such securities as well as the new Federal National Mortgage Association.

Special assistance authorization

Section 917.—Makes numerous changes in other laws necessary to establish the new Federal National Mortgage Association and the new Government National Mortgage Association.

Effective date

Section 918.—Provides that the portion of the existing Government National Mortgage Association would become effective no more than 60 days following the enactment of this act.
Reinsurance of losses from riots or civil disorders

Section 1231.—Authorizes the Corporation to offer riot or civil disorder property loss reinsurance to any insurer or pool of insurers in any one or more States. Reinsurance may be provided immediately upon enactment of the title for a 90-day period, but thereafter only if the Corporation is participating in the State's plan under part A.

Reinsurance agreements and premiums

Section 1232.—Authorizes the Corporation to provide reinsurance, to reimburse the insurer for losses in excess of the insurer's reinsurance retention, at premium rates adequate to provide premiums which will exceed aggregate amount of insured losses in 1967, and provides that thereafter the Corporation may adjust reinsurance premium rates as may be necessary or desirable and upon certification with regard to the operation of the plan necessary or desirable and upon certification by the State insurance authority waive compliance with one or more of the plan criteria.

Conditions of reinsurance

Section 1233.—Provides the conditions under which the Corporation will terminate reinsurance agreements and with what authority will offer new coverage for insurance to any insurer or pool of insurers in any one or more States. Reinsurance may be provided immediately upon enactment of the title for a 90-day period, but thereafter only if the Corporation is participating in the State's plan under part A.

Reinsurance coverage of limitations

Section 1234.—Authorizes the Corporation to recover any unpaid premiums for reinsurance; imposes a 5-year statute of limitations on any action or proceeding to recover any amounts paid to the Corporation or the recovery of any amounts due to it.

Part C—General Applicability

Claims and judicial review

Section 1235.—Authorizes the Corporation to offer reinsurance to any insurer, pool, or person or organization for estimating or determining the amount of claim payments, or to reimburse the insurer for losses in excess of the insurer's reinsurance retention, at premium rates adequate to provide premiums which will exceed aggregate amount of insured losses, to pay administrative expenses, and to exercise all powers specifically granted by the title and all powers, duties, and functions necessary or appropriate after consultation with the Corporation, and the National Reinsurance Organization, in cooperation with State insurance authorities.

Repayment of losses

Section 1236.—Authorizes the Secretary to repay with interest amounts borrowed under Section 1210 of the title on a nonreimbursable basis to the extent permitted by law.

Fiscal impositions and penalty fines

Section 1237.—Provides that the conditions under which the Corporation shall adjust reinsurance payments shall be subject to penalty fines of $100 per day for each violation of reinsurance agreements and on such conditions as may be determined.

Taxation

Section 1238.—Exempts the Corporation from Federal or State taxation or taxation under any Federal or State taxing authority if the Corporation is determined to be carrying out the purposes of the title.

National insurance development fund

Section 1239.—Provides for the establishment of a national insurance development fund to be available to the Corporation without fiscal year limitation to pay reinsurance claims, claims against administrative expenses, and to repay with interest amounts borrowed under Section 1233(b) of the National Housing Act.

Records, annual statements, and audits

Section 1240.—Requires reinsurance insurers to furnish the Corporation with annual statements and such data as may be necessary in carrying out this program and to keep records to facilitate an effective audit; authorizes the Corporation and the Comptroller General to conduct audits; and provides that the Corporation is to make use of State insurance authority examination reports and facilities to the maximum extent feasible in connection with these audits.

Study of reinsurance and other programs

Section 1241.—Provides for the Corporation to study reinsurance and other means of assuring an adequate supply of burglary and theft and other property insurance in urban areas and the adequate availability of flood bonds for construction facilities in urban areas and to report to the President and the Congress within 1 year the results of its study and its recommendations.

Other studies

Section 1242.—Provides for the Corporation, in cooperation with State insurance authorities and the private insurance industry, to study the operation of the FAIR plans, the extent of the unavailability of essential property insurance in urban areas, the market for private reinsurance, loss-prevention methods and procedures, insurance marketing methods, and underwriting techniques.

General powers of corporation

Section 1243.—Authorizes the Corporation to have a corporate seal, to sue and be sued (with all civil actions in which the Corporation is a party to be heard under the laws of the United States), to enter into and perform contracts, leases, and other agreements without competitive bidding; to employ personnel and to establish necessary or appropriate rules and regulations; and to exercise all powers reasonably granted by the title and such incidental powers as are necessary to carry out its purposes.

Service and facilities of other agencies

Section 1244.—Utilization of personnel, services, facilities, and powers by the Secretary of Housing and Urban Development.

Section 1245.—Authorizes the Corporation, with the consent of the agency concerned, to share personnel and information of any agency of the Federal Government on a reimbursable basis and to obtain data relevant to matters within its jurisdiction from any Federal agency on a nonreimbursable basis to the extent permitted by law.

Advantage and penalty fines of certain financial transactions

Section 1246.—Authorizes the Corporation to require any insurer, pool, or person or organization to estimate or determine the amount of claim payments, or to reimburse the insurer for losses in excess of the insurer's reinsurance retention, at premium rates adequate to provide premiums which will exceed aggregate amount of insured losses, and to exercise all powers, duties, and functions necessary or appropriate after consultation with the Corporation, and the National Reinsurance Organization, in cooperation with State insurance authorities.

Appropriations

Section 1247.—Authorizes the Secretary to appropriate such sums as may be necessary to carry out this title.

Financing

Section 1194.—Amends section 520(b) of the National Housing Act to authorize the Secretary to borrow funds necessary to pay for reinsurance losses under title XII of the act.

Government Corporation Control Act

Section 1195.—Defines the National Insurance Development Corporation as a Federal Government corporation, authorizes the Corporation to carry out the purposes of the Federal Flood Insurance Act of 1968.

Compensation of executive director

Section 1196.—Provides for compensation of the Executive Director at the rate prescribed for level IV of the Federal Executive Salary Schedule.

Clarifying amendments to acts referring to

Section 1197.—Would amend other acts to authorize the use of the definition of "disaster" or "catastrophe."
States or areas (or subdivisions of areas) surances that by June 30, 1970, permanent with criteria prescribed in section 1261, or 1971, or for land management and use, have been adopted, and that application and enforcement of these measures would commence as soon as possible. These provisions as they apply and on controlling flood elevations was avoided.

This would not require the same land management and enforcement for all areas, since these measures must meet the specifi- lar flood problems of each area.

Nature and limitation of insurance coverage Section 1207(a).—Authorization to the Secretary, after consultation with the flood insurance advisory committees, and representatives of the State insurance commissioners, to provide government in carrying out the flood insurance making rate studies and in investigations, the Secretary shall, to the ex- tent feasible, utilize the services, or a re- 1211.(c).—Authorizes the Secretary to establish, in the U.S. Treasury a na- 1211.(b).—Requires the fund to be credited with: (1) Borrowed Treasury funds, (2) reinsurance premiums payable by the in- surance pool, (3) amounts advanced to the fund from appropriations in order to main- tain on adequate levels, (4) interest on the balance of notes or other obligations to the Secretary of the Treasury) shall be deposited in the insurance fund. 1212.(b).--Provides that, in pre- simulating chargeable premiums, the Secretary shall be guided by a number of factors, including the nature of the respective risks in- volved, the differences in risk due to land use, and the differences in flood forecasting and similar measures. The Secretary would be expected to prescribe chargeable premiums at reasonable levels, lower than those at full cost where necessary, in order to encourage the purchase of flood insurance. In low-risk areas, for example, the premium rate would be based on the estimated (full cost) risk premium rate. 1206(a).--Authorizes the Secretary, on the basis of studies and investigations, to estimate on an area, subdivision, or other appropriate basis: (1) Risk premium (full cost) rates for flood insurance, (2) the rate (at full cost) in any area, subdivision, or property tax-sharing basis or urban renewal area; and (3) the amount that must be paid to the Secretary to be deposited in the insurance fund.

Treasury borrowing authority Section 1211(a).—Provides that the au- thority vested in the Housing and Home Fi- nance Agency by section 15(e) of the Federal Flood Insurance Act of 1968 (pertain- ing to the issue of notes or other obliga-
Section 1215(c).—Makes the term "financial assistance" as used in section 10 of the Disaster Relief Act of 1966 (which directs the Secretary of Agriculture pursuant to section 921 of the Consolidated Farmers Home Administration Act of 1963) a disaster as determined by the President pursuant to "An Act to provide flood insurance for a share of the claims paid in a given period will be based on the aggregate amount of flood insurance retained by the pool, after crediting reinsurance in accordance with section..."

Subject to the limiting terms and conditions of the basic agreement between the Secretary and the pool under section 1232, the Secretary is also authorized to make payments to the pool for a proportionate amount of applicable operating costs (including only administrative expenses) and allowances on the same ratio basis as used to determine the sharing of claims paid under the basic agreement.

Section 1232(c).—Authorizes the Secretary to establish designated pay periods and the methods for determining the sum of premiums paid or payable during such periods.

Reinsurance coverage

Section 1233(a).—Authorizes the Secretary to provide for an industry program with Federal participation in underwriting the risk assumed and to also receive travel and living expenses, will be compensated at a rate fixed by the Secretary not to exceed $100 a day or regular places of business.

Coordination with other programs

Section 1212.—Directs the Secretary to consult with Federal, State, and local land use control agencies or with representatives of any injury sustained by reason of the disaster, to institute an action, to receive travel and living expenses, will be compensated at a rate fixed by the Secretary not to exceed $100 a day or regular places of business.
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dury will be utilized in the all-Federal program, and (4) make any other recommenda-

tions he deems advisable.

Adjournment and payment of claims

Section 1241.-Authorizes the Secretary to adjust and pay claims, and authorize any

classification, upon disallowance of a claim, or upon refusal of the claimant to accept an

amount allowed, to institute an action, within

1 year after notice of disallowance or par-
tial disallowance, is mailed, in the U.S. dis-

circuit court for the district in which the in-
sured property or the major portion of it was

situated. Jurisdiction would be conferred on

district courts without regard to the amount

in controversy.

Part C—Provisions of General Applicability

Services by insurance industry

Section 1246(a).—Provides legal authority for the Secretary to enter into the necessary

arrangements with the insurance industry to

implement the flood insurance program set forth in the act, including provisions for pay-

ment of applicable operating costs and allow-

ances for such facilities and services.

Section 1246(b).—Except any such ar-

rangements from any provisions of Federal

law requiring competitive bidding or require-

ment that contracts or purchases of supplies or

services by the Federal Government be made

only after full and open competition is provided

for a sufficient time to allow competitive proposals to be made.

Use of insurance pools, companies, or other private organizations for certain payments

Section 1246(c).—Authorizes the Secretary to enter into contracts with any pool, in-

surance companies, or other private organiza-

tions which he finds acceptable for use as fiscal in-

termediaries, to estimate and determine amounts of payments made by or on behalf of

claimants, agents, brokers, or adjustment orga-

nizations, as may be necessary to assure that proper payments are made.

Section 1246(d).—Provides that any con-

tracts or arrangements may not be conditioned to carry out the Secretary's responsibilities,

under the provisions of the act.

Section 1246(e).—Provides that contracts authorized by this section would be exempted

from any provisions of Federal law requiring competitive bidding or requiring that con-

tracts or purchases of supplies or services by the Federal Government be made only after

full and open competition is provided for a sufficient time to allow competitive proposals to

be made.

Section 1246(f).—Requires finding by the Secretary that the contracting party can per-

form its obligations efficiently and effec-

tively before a contract can be entered into.

Section 1246(g).—Provides that the Sec-

cretary is authorized to require a safety bond

of such amount as he finds acceptable for use as security for the performance of the con-

tract.

Section 1246(h).—Provides that the Com-

ptroller General and the Secretary (or their
duly authorized representatives shall have

power to make investigations in connection

with any such contract, and that the Secretary shall have power to make estimates with re-

spect to the rates of probable flood-caused

loss for the various flood risk zones for each

area.

Criteria for land management and use

Section 1261(a).—Authorizes the Secretary to make studies or investigations with re-

gard to the adequacy of State and local

measures in flood-prone areas, as to land

management and use, flood control, forest

management, and flood damage prevention.

Section 1261(b).—Provides that these studies and investigations deal with laws,

regulations or ordinances relating to in-

croaches and obstructions on stream

drains and waterways, the orderly develop-

ment and use of flood plains of rivers or

streams, floodway encroachment lines on flood

plains, zoning building codes, building per-

mits, and subdivisions or other building restric-

tions.

Section 1261(c).—Provides that based on

his studies or investigations the Secretary is

authorized to develop comprehensive cri-

teria for land management and use, where

necessary for the adoption of permanent State or local

measures which will lessen the exposure of citizens and facilities to flood loss,

improve the long-range management and use of

lands, and inhibit, to the maximum extent feasible, unplanned and eco-

nomically unsound future developments in such areas.

The Secretary is also author-

ized to rely solely with and provide for

necessary technical assistance to State, inter-

state, and local governmental agencies to en-

courage the application of such criteria and the adoption and enforcement of such meas-

ures in as may be necessary to help in reducing any unnecessary damage resulting from

floods.

Purchase of certain insured properties

Section 1262.—Authorizes the Secretary to negotiate with owners of real property cov-

ered by flood insurance which are located in any flood-risk area, and damaged substan-

tially beyond repair by flood, for the pur-

chase of such property. The Secretary is then

authorized to transfer such property to those

State or local agencies agreeing to use the property for at least 40 years for those pur-

poses as the Secretary may, by regulation, determine to be consistent with sound land

management. This authority is vol-

untary and no property owner would be

required to sell or lease his property to the Secretary.

Chapter IV—Appropriations and miscel-

laneous provisions

Studies of other natural disasters

Section 1270(a).—Authorizes the Secretary to make studies to determine the extent to

which insurance protection against earth-

quakes or other natural disasters is not

available and the feasibility of making such

protection available.

Section 1270(b).—Provides that studies under this section be made in cooperation with other Federal, State, or local agencies, and

authorizes the Secretary to enter into agreements for the conduct of such studies with other Federal agencies, on a reim-

bursement basis, or with State and local agencies.

Payments

Section 1271.—Vest discretion in the Sec-

cretary to make payments under this pro-

gram in advance of actual need, by way of reimbursement.

Government Corporation Control Act

Section 1272.—Makes the provisions of the Government Corporation Control Act ap-

licable in the administration of the flood insurance program to the same extent as

applicable in the administration of other Federal, State, or local insurance programs.

Financial of certain financial transactions

Section 1273.—Provides that any financial transaction under this act or payment re-

ceived or made in connection therewith shall be final and conclusive upon all officers of

the Government.

Administrative expenses

Section 1274.—Provides that any admin-

isterial expenses or costs in connection with any

financial transaction under this act or in carrying out the flood insurance program may be paid out of appropriated funds.

Appropriations

Section 1275(a).—Authorizes the appro-

priate committees of Congress to appropriate

funds for the national flood insurance program, including sums to cover administrative expenses and to reimburse the national flood insurance fund for premium refunds, claim disbursements, and insurance claims paid out of the fund.

Section 1275(b).—Provides that these funds shall be available without fiscal year

limitation.

Effective date

Section 1276.—Provides for the act to be

effective 15 days after the date of enactment, except that the Secretary is

authorized to make the effective date up to 180 days after enactment if he finds condi-

tions necessitate a long prepayment period.

Title XII—Territorial land sales

Short title

Section 1301.—Provides that this title may be cited as the "Intestate Land Sales Full

Disclosure Act."

Definition

Section 1302.—Provides the terms defined in this title.

Exemptions

Section 1303(a).—Provides for specific ex-

ceptions from the provisions of the act.

Section 1303(b).—Provides that the Sec-

cretary of HUD may make exceptions from any of the provisions of the act if he finds

the coverage is not necessary in the public interest and for the protection of purchasers

due to the small amount of the offering or its limited character.
Section 1305(a).—Provides that a subdivider may be required to file a statement of record with the Secretary containing the requirements of the act and the records and regulations prescribed by the Secretary.

Section 1305(b).—Provides for payment to the Secretary by the subdivider of a registration fee not in excess of $2,000 in accordance with a schedule to be fixed by regulations of the Secretary.

Section 1305(c).—Requires that the filing of a statement of record or an amendment thereto shall be accompanied by payment of the fee prescribed in subsection (a).

Section 1305(d).—Requires that information contained in or filed with a statement of record or amendment thereto be accompanied by regulations prescribed by the Secretary.

Information required in statement of record

Section 1306.—Provides that the statement of record shall contain certain information prescribed by certain specified documents.

Taking of amendments of record or amendments thereto

Section 1307(a).—Provides that a statement or amendment, which shall take effect on the 30th day after filing or at an earlier date if the Secretary so determines. When additional lands are offered for disposition, the Secretary is authorized to accept for filing under the regulations prescribed by the Secretary the statement of record of such additional subdivided land under the same general plan.

Section 1307(b).—Provides that the Secretary shall be responsible for any amendments of record or amendments thereto.

Section 1307(c).—Requires the developer to file an amendment to a statement if any condition, restriction, or provision requiring a person to waive compliance with the act, or rules and regulations of the Secretary pursuant to it, shall be void.

Additional remedies

Section 1307(d).—Provides that rights and remedies under the act are in addition to other rights and remedies at law or in equity. Investigations, injunctions, and prosecutions of offenses

Section 1315(a).—Provides that the Secretary may issue, amend, and rescind rules, regulations, and procedures concerning attendance and testifying at hearings, taking of evidence, and production of any books, papers, or other relevant data or material to an investigation or proceeding under the act.

Section 1315(b).—Permits any person aggrieved or improperly served on the developer or his授权 to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, or other relevant data or material to an investigation or proceeding under the act.

Section 1315(c).—Provides that the Secretary may, when the matter is relevant to the examination.

Section 1307(f).—Permits any notice required to be served under section 1307 to be sent or served on the developer or his authorized agent.

Information required in property report

Section 1308(a).—Provides that a property report shall contain a statement of record that the Secretary has received or is not required under rules and regulations of the Secretary to accept for filing.

Section 1308(b).—Requires that the property report not be used for any promotional purposes before the statement of record becomes effective and then only if used in its entirety. States that no person may advertise or represent that the Secretary approves or recommends the subdivision.

Cooperation with State authorities

Section 1309(a).—Provides that the Secretary shall cooperate with State authorities regarding the sale of lots in subdivisions subject to the act.

Section 1309(b).—Provides that nothing in the act shall affect the jurisdiction of any State to regulate the sale of lots or to impose any penalties on the provisions of the act.

Court review of orders

Section 1311(a).—Permits any person aggrieved by an order or determination of the Secretary to obtain review in the U.S. court of appeals in the Circuit in which the pertinent subdivision or has his principal place of business to file a suit in equity or at law to enforce the order or determination.

Section 1311(b).—Provides that an order or determination of offenses and violations under the act are in addition to the exercise of his functions and powers under the act.

Appropriations

Section 1321.—Authorizes the Secretary to prepare a final report to be submitted by January 15, 1979.

Title XIV—Ten-Year Housing Program

Chapter 1—Federal Housing Assistance

Section 1401.—Provides $3.25 billion to carry out the purposes of this act.

Title XV—Public Housing

Section 1501.—Provides for the tenure, lien, and recording of public housing.

Title XVI—Regulatory Programs

Section 1601.—Provides for the payment of funds to States for the purpose of administering the act.

Title XVII—Penalties

Section 1701.—Provides that any person who violates the provisions of the act or rules and regulations prescribed by the Secretary shall be subject to a fine of not more than $5,000 or imprisonment for not more than 5 years, or both.

Rules, regulations, and orders

Section 1801.—Authorizes the Secretary and the Attorney General to make rules, regulations, and orders necessary or appropriate to the exercise of his functions and powers under the act.

Title XVIII—Jurisdiction of offenses and suits

Section 1805.—Provides that the United States district courts and the U.S. District Court for the District of Columbia shall have jurisdiction over and hear any offenses and violations under the act.

Section 1806.—Permits any person aggrieved by an order or determination of the Secretary under any rule or regulation promulgated pursuant to the act to file a suit in equity or at law to enforce the order or determination.

Title XXI—Appropriations

Section 2101.—Authorizes appropriations to carry out the purposes of this act.

Title XXII—Effective date

Section 2201.—Provides that the act shall be effective 180 days after enactment.
Section 1501.—Amends section 111(h) of the Demonstration Cities and Metropolitan Development Act of 1969 to authorize an appropriation of $1 billion for the model cities program for fiscal year 1970. In addition, this section adds an authorization of $12 million for planning assistance and administrative expenses for the demonstration cities program to be made available for fiscal year 1969.

Urban renewal demonstration grant program Section 1502.—Amends section 314(a) of the Housing Act of 1964 to permit demonstration grants to be made to nonprofit organizations for carrying on demonstration projects and other activities for the prevention of slum and blight. (Existing law permits grants to public bodies only.) This section provides that such demonstration undertakings by nonprofit organizations must be consistent with any plans of a local public agency. This section also increases the percentage of the Federal grant from two-thirds of project cost to 90-percent of project cost. This section further increases the amount that may be spent to promote demonstration projects from $10 million to $20 million.

Authorizations for urban information and technical assistance services program Section 1503.—Amends section 406 of the Demonstration Cities and Metropolitan Development Act of 1969 to authorize an appropriation of $5 million for fiscal year 1969 and $15 million for fiscal year 1970 to carry out the purposes of the "Title IX Program" under which matching grants are made to States to help them procure and disseminate information and technical assistance services to communities of 100,000 inhabitants or more.

Advances in technology in housing and urban development Section 1504.—Amends section 1010(d) of the Demonstration Cities and Metropolitan Development Act of 1969 to authorize the appropriation of $5 million for fiscal year 1969 and $5 million for fiscal year 1970 to carry out the purposes of the "Title IX Program" under which matching grants are made to States to help them procure and disseminate information and technical assistance services to communities of 100,000 inhabitants or more.

College housing and community development Section 1505.—Amends title IV of the Housing Act of 1960 by adding the existing provisions for granting Federal housing and urban development programs authorized under the sections of the Act which would also provide the following for the construction of new structures or the replacement of existing structures for college housing and community development:

- College housing
- Consolidation of the low-rent public housing
- Urban renewal project
- Self-help studies
- Earthquake study
- Federal-State training programs
- Technical amendments

Federal-State training programs Section 1506.—Amends sections 601, 602, and 806 of title VIII of the Housing Act of 1960 to expand the program to permit grants to public and nonprofit organizations for the training of subprofessionals as well as professional persons who will be employed by nonprofit organizations as well as public organizations in the field of housing and community development. This section would also allow grant assistance to be extended to Guam, American Samoa and the Trust Territory of the Pacific in order to meet the needs of these areas for training capable housing and community development technical and professional personnel.

Additional secretary for Housing and Urban Development Section 1507.—Amends the first sentence of section 4(a) of the Department of Housing and Urban Development Act to increase the number of assistant secretaries for such department from five to six.

Section 1508.—Revises section 606 of the Housing Act of 1961 to clarify authority of HUD to: (1) Exchange data on housing and urban development with foreign countries; (2) employ private citizens to participate in intergovernmental and international meetings and to be on the staffs of HUD; and (3) accept funds and other donations from international organizations, foreign countries, and private foundations in connection with activities carried on under international housing programs.

Low-rent public housing—corporate status Section 1509.—Revises sections 9 and 17 of the United States Housing Act of 1937 to repeal language which is now obsolete.

Eligibility for rent supplement payments and families in the low-income housing Section 1510.—Revises section 207 of the United States Housing Act of 1937 to provide that urban renewal project funds can be used for rent supplement payments and families in the low-income housing section 906 of the Housing Act of 1961 to meet the financial requirements of such project funds.
Mr. President, I should like to comment that not only was the Senator from New York [Mr. Javits] exceedingly gracious in working very closely with the Senate Banking and Currency Committee and the Senate Appropriations Committee to develop a bill, but I also believe very important that the Senator from Washington [Mr. Mazzoni] be recognized. He was an original cosponsor, and, of course, is chairman of the Senate Appropriations Committee.

Mr. SPARKMAN. The Senator is correct. I did not name the Democratic Senators, but I do know that there were three Democrats. I do recall that Senator Mazzoni was one.

As the Senator from Maine knows, S. 1592 also proposed that the Senate Appropriations Committee as well as chairman of the Senate Appropriations Committee of the Senate Appropriations Committee. The funds necessary to 'provide debt service for the debentures when not paid to the National Home Ownership Foundation by the homeowner receiving the loan and subsidy would be made by direct appropriations from the U.S. Treasury.

S. 2700 also proposed that the Foundation be given very broad authority to give assistance for training and other types of services and counseling that would help low-income families be more responsible homeowners.

As the Senator from Maine knows, several other bills, in addition to S. 1590, were introduced during the first session of the 90th Congress to provide assistance toward homeowner lower income families become homeowners. The bills, like S. 1590, contained a variety of ways in which such housing would be financed. The committee considered all of these bills, and I developed a committee bill which encompasses the best ideas for homeownership from all the bills submitted. The committee bill uses the established FHA mortgage insurance programs to promote homeownership rather than giving a nonprofit private foundation Federal guarantee backup for obtaining funds with which to promote housing as was proposed in S. 1590. That is, we did not authorize the issuance of debentures guaranteed by the United States, backed up by the Treasury.

In considering S. 1592, the committee was mainly concerned about giving a completely private nonprofit foundation a $2 billion bonding authority where the Federal Government would have very little jurisdiction and supervision over any of the activities of the Foundation. The committee, did, however, accept the idea of creating a National Home Ownership Account with certain funds to provide technical assistance and encouragement to local nonprofit groups to sponsor housing programs for lower income families. The committee, then, authorized an appropriation of $10 million for the Foundation to carry on its activities.

Since S. 1592 was introduced by Senator Percy, who is a member of the Banking and Currency Committee and government reinforcement was included in the administration request this year.

Yet, we have to be satisfied that every consideration has been given to S. 2700. I believe we could have moved ahead faster by giving bond- ing authority to the Foundation now, but I am willing to wait and see whether or not we have fulfilled the need in the committee bill and to reassess the situation in the future.

Mr. PERCY. May I say at that point that every Senator, particularly a freshman Senator from the minority party, could have been given more time and attention on this particular point. I recall one afternoon last year in a Capitol conference room, when we felt that the whole process of government would slow up because we had so many people from downtown tied up—from HUD, the Federal Reserve, the Agriculture Department and other agencies—to try to work out this principle.

The committee itself has directed that 6 months after the enactment of this bill, we take another look to see whether sufficient money is flowing into the depressed rural and slum areas of our cities. If we find that mortgage credit is not sufficient to do the job then the committee will come back to take another look, to see how greater capital can be created.

But in the meanwhile, I was very pleased that the President, as embodied in S. 1592, contemplates the creation of a National Home Ownership Foundation which would have the authority to issue $2 billion of bonds insured by the Government. That, that is, nonprofit corporations and organizations, rather than giving a nonprofit private foundation Federal guarantee backup for obtaining funds with which to promote housing as was proposed in S. 1590. That is, we did not authorize the issuance of debentures guaranteed by the United States, backed up by the Treasury.

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Mr. SPARKMAN. I thank the Senator. I appreciate the patience of the Sena-

tor from New York in waiting for us to con-
clude these remarks.

Mr. HAYES. Mr. President, first I

should like to state to the Senator from

Alabama that it is you who are indebted to

him. I missed the time allocated to me

because of a plate difficulty, and hence,

quickly.

Mr. President, I am about to

miss the time allocated to me

to conclude these remarks.

Mr. Fulbright. Mr. President, I am con-
gratulating the Senator from Alabama and his col-
 leagues on the Banking and Currency Com-
mittee for their continuing attention to the

homebuilding industry, because our economy was allowing an

inadequate quantity of savings to home

mortgage credit. Time after time, the com-
mittee recommended and the Senate passed

bills designed to relieve critical shortages of

mortgage money. Today we are in the midst of

another such crisis.

Through these years and through many

years, I have maintained that the committee periodi-
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affected homebuilding in greater proportion than other segments of the economy, and this recession would have been exacerbated.

Unfortunately, these decisions were made without any public debate of their effect upon homebuilding, and without any public scrutiny. The magnitude of the consequences was greater than dimensions exceeded in our history only by the depression of the 1930's. The tremendous cost of the war in Vietnam, and without any public discussion at all, has imposed general wage and price controls, or restricted auto production, or restricted highway construction, the space program, and public works projects, or to have chosen a combination of these and other alternatives. The fact of the matter is, however, that none of these alternatives were chosen, and homebuilding is bearing a greater burden as a result.

I suggest, therefore, that it would be more prudent, and more democratic, to discuss and debate national economic policies prior to their adoption and implementation. It is for this reason that I introduced S. 3714, which I explained to the committee several months ago

Based upon present estimates of the cost of the war in Vietnam, its demand upon our economy will not diminish in 1968. Consequently, some hard decisions must be made with respect to continuing efforts to maintain our national security, and stability next year.

If the annual Economic Report to the Congress were to address itself specifically to proposals for providing for or to be affected by Federal fiscal and monetary policies, it is possible that courses of action might be chosen which would lay the burden upon your industry. If so, opportunity would have been faced to afford the home owners a basis more nearly in keeping with the resources and capacities existing in both the public and private sectors.

Therefore, I would urge upon my colleagues the necessity of supporting S. 3714 in its present form, as it was reported by the committee.

Sincerely yours,
J. F. JOHNSON

[Excerpt from NAHB statement of policy for 1967]

IV. NATIONAL HOUSING POLICIES

The committee recognizes the need for a statement of specific National Housing Policies for the immediate future. It is clear that constant change in the direction of housing without the kind of orderly national debate which would precede any major shift in important public policy. NAHB will take the lead to establish such goals and to obtain recognition of them by all appropriate Federal, state, and local governments. We will seek the cooperation of all groups concerned with housing and residential finance and all others concerned with housing opportunity for all.

[Excerpt from S. Rept. 1193 on S. 4977]

Title iv-national housing program

Declaration of purpose

Section 1401 of the bill declares that the national commitment made in the Housing Act of 1949 to the goal of "a decent home and a suitable living environment for every American family" can best be attained through a definable plan providing for the effective utilization of available resources and capabilities existing in the homebuilding and related private sectors of the economy over a fixed period of 10 years.

This statement and finding by Congress would be in furtherance of the policy declared in 1949 and would bring it more into current focus by stressing the need for housing and economic stability. The committee believes that the report would be required to contain an estimate of the annual cost of the Vietnam war, and that this report would also provide an analysis of the financial and fiscal policies for the coming years, and such other data and recommendations as are deemed pertinent.

Periodic reports

Section 1402 of the bill would provide for a periodic report by the President on January 15, 1969, on or before the following date:...and the reparation of substandard units...

The committee believes that there should be periodic reports on the performance of Federal agencies of the Federal Government. While the Loan Bank Board, as a whole, and the Veterans' Administration have direct contacts with the public regarding it. The operation of the Federal Reserve Board respecting the flow of credit and the volume of borrowings permitted through the Federal Home Loan Bank Board, as well as the marketing and purchasing policies and prices of the Federal National Mortgage Association should be periodically examined or conducted with a view toward achieving some minimum volume of housing production consistent with the need for both housing and general economic stability.

It is the view of the committee that the setting in definite terms of annual minimum housing goals with this added requirement of giving specific reasons in case they are not met, can do much toward achievement of the volume and stability of housing program required to be essential to the orderly growth of the country.

ORDER FOR ADJOURNMENT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE VIETNAMESE PEACE NEGOTIATIONS

Mr. JVITS. Mr. President, I speak today because I feel a conscientious duty toward our two Ambassadorial envoys, Ambassador Harriman and Vance, with whom I talked at some length in Paris Tuesday night. I promised them I would make some observations in the Senate based on our talks.

I have just returned from presiding over a meeting of the Political Committee of the North Atlantic Assembly in Brussels, and from conferring in Paris with Ambassador Harriman and Vance about Vietnam negotiations. I also had the privilege of an audience with His Holiness Pope Paul who has been a most respected and persuasive advocate of peace in Vietnam.

There are certain observations and recommendations on Vietnam which these experiences have induced me to make, and I hope they will be of use to my colleagues and to our Nation.

I found a somewhat more sympathetic attitude in Europe regarding the Vietnam war. While we were being roundly condemned before by many, European criticism is being muted. However, I see no real prospect of material support for our efforts in the war.

There is, however, relief and a sense of confidence in Europe that a beginning has been made to attain peace. In short, there is an attitude of sympathy in Europe as we carry on the negotiations.

As to the negotiations themselves, our negotiators are Ambassadors of the highest character and proven skill. They are, of course, bound by their brief from Washington and their efforts are subject to what is happening in the war itself as long as it continues. It is about this especially that I wish to speak.

Mr. President, the statement of the purpose of the talks for propaganda purposes.

For, we must have a clear idea of what we want to attain to be able to attain it. Also, we must be prepared to hear the other side uttering the abrasive words so typical of the Communists. All the while, the threat of a walkout hangs over the heads of all, as well as the use of the words for propaganda purposes. This is standard operating procedure for the Communists. Therefore, we must have a basic concept from which we can hazard a judgment. And the risk that negotiations may break off for a time as a result of this same time, this concept must be of such a basic nature that we are prepared to add the adjective "intransigent" with the Government of South Vietnam when we may feel that we are willing to make peace on a set of terms which are so repugnant to the Communists and they may not. That may happen.

What we seek: as I understand it, is to end the war by transferring the struggle to the political forum. Also, that we intend that the political resolution be on a one-man, one-vote basis. In other words, the political forum must be gen-
Mr. ROGERS of Colorado. Mr. Speaker, Secretary of Interior Stewart Udall was recently scheduled to speak at the June commencement of my alma mater, the University of Denver. Senator Kennedy's tragic death prevented Mr. Udall from going to Denver. He sent, by wire, the following eloquent remarks, which I, as chairman of the Hutchinson Committee, read to the graduates.

Kennedy was a man who did not make—requires an encouragement of its existence. It is now.

There is an end to a man's life; there need be no despair and frustration. It was the age

One searches for words on an occasion when rhetoric itself is totally inadequate. The opening words of Dickens' A Tale of Two Cities have more appropriateness and poignancy than an answer in the form of a frame: "It was the best of times, it was the worst of times, it was the epoch of belief, it was the epoch of unbelief; it was the season of Light, it was the season of Darkness, it was the year's posthumous will to end Despair; we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct in the other way."

Some words—as any words—can only frame a question. The answer which must be unmade by the ultimate victory of reason over madness is for you—and all youth—to provide. This is increased by the strength of your numbers and the power of your yearning and commitment.

There is an end to a man's life; there need be no despair and frustration. It was the age of belief, It was the age of unbelief; It was the season of Light, It was the season of Darkness, It was the year's posthumous will to end Despair; we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct in the other way."

The farm subsidy program, a tightening of the Food and Agriculture Act of 1965 became effective. Now when we come of farm families.

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The omnibus housing bill contains many proposals supported by the minority.

Mr. Speaker, the Housing and Urban Renewal Act of 1968 has been voted out of the House Banking and Currency Committee and granted a rule for floor action in the near future. As I stated in my supplemental views to the committee report, I am not unaware that reasonable men may differ over certain provisions, or that new or old programs deserve careful scrutiny and constructive criticism.

I do believe, however, that the bill contains a great deal that is good and useful, and that it has benefited greatly from the ideas of the minority. There is a new emphasis on low-income financial aid; a new emphasis on low-income families, improvement in the nutrition, education, and health areas. The program, a tightening of provisions requiring residential urban renewal to be applied in the housing needs of low- and moderate-income Americans, increased authorization for the water and sewage infrastructure program which is of benefit to every congressional district in the country, and renewed efforts at establishing an effective flood insurance program. All of these provisions reflect original efforts on the part of the minority, as does the recognition by the committee of the need to cut through the red tape and bureaucratic delays that so often accompany attempts to utilize existing programs.

To describe some of these efforts, I would like to include at this point my supplemental views to the committee report. I would also urge every Member of this body to carefully study the majority and minority views to House Report No. 1039. The bill, H.R. 17999, as well as the report, is of considerable size. It represents a major undertaking and, despite its length and complexity, should have provisions that may be achieved in an informed debate.

My supplemental views follow:

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The Secretary is directed to report back within 60 months on this action. This provision was secured in the bill during the floor action of the Department of Housing and Urban Development, objections which, in part, persisted, despite the evidence that such a plan was necessary and capable of being established, and despite a favorable report in the early 1960's, commissioned by the Secretary and Home Finance Agency, four-runner of HUD.

The committee bill, in section 405, amends the urban renewal law to permit land to be sold to qualified low-income mortgagees and nonprofit sponsors of homeownership programs, under an amendment I offered, private homeowners acquired for urban renewal and for subsequent resale to low- and moderate-income home buyers.

By an amendment which I offered, section 3 was added to H.R. 17989 which requires, to the greatest extent feasible, the employment of lower income residents from the area served not only by homeownership activity but other federally assisted housing projects as well, in jobs created by these projects. The possibility of the home buyer who is now contributing his own labor toward the cost of his housing has also been recognized in section 3 and in other amendments.

Can I carry out this program? One of the purposes behind establishing the National Home Ownership Foundation in the minds of its sponsors last year, was to provide a quasi-public alternative to direct Federal bureaucratic control by the Department of Housing and Urban Development. The sponsors of the NHOF bill were not alone in questioning the capacity or will of the Department to carry out an expanded program of housing assistance but of the Department, in effect, to run the programs. This presents a considerable challenge to the Department in executing out the proposals authorized in H.R. 17989.

While the Department's testimony before our committee and before the Senate Committee on Banking and Currency has been reassuring, the continued opposition of HUD to H.R. 1966 amendments that would authorize a substantial increase in ownership and moderate-income housing in each program, which faced last year, was such a plan was necessary and capable of being established, and despite a favorable report in the early 1960's, commissioned by the Secretary and Home Finance Agency, four-runner of HUD.

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were particularly conscious of this opportunity? only an immediate action. and thus new hope to the less fortunate, should be welcomed. 

To date, it has far outstripped its companion legislation. rent supplements, restricted the program in certain localities to 10 or more units, section 209 makes this program a low priority. It has asked for only

Mr. MORGAN asked and was given the privilege of introducing the proposed national flood insurance legislation. While I support this bill efforts to resolve the differences between the House and Senate versions in conference have been abandoned. In short, prior to conclusion of Title XI in H.R. 17069, most observers conceded that flood insurance legislation had little if any chance of enactment.

As an original cosponsor of a national flood insurance program, the events leading up to the current legislative stalemate are indeed regrettable. Within the past month, the state of New Jersey experienced the natural disaster of the 20th century, causing more than $200 million in flood damage to public and private property. Having most vividly witnessed the human tragedy and widespread property damage in the wake of these devastating floods, my belief in the need for a national flood insurance program was further sustained.

The House last November rejected the proposed financing through Treasury borrowing authority contained in the flood insurance bill, the circumstances surrounding this action were so different than those which prevail today. I refer to Title X of the act. In this regard, I believe that the Committee is being asked to approve Treasury borrowing authority in order to finance a national program of flood reinsurance. While I support title X, I think it would be uncharacteristic of a majority of the subcommittee to support Treasury borrowing authority for reinsurance. The public wishes to see the proposed financing through Treasury authority in whole or in part rejected. In this regard, we must keep in mind that flood insurance proposals have been before the Congress for more than 10 years, long enough for any thought or enactment being given to the need for a Federal program of national insurance.

Stated in its most candid terms, if the public, the United States or any other nation desires to call to their attention what I have called self personally a sacred trust. I think it will truly endanger our faith in such an agreement never faltering support provided a constant stimulus and inspiration over 4 long years of arduous negotiations. The importance of the treaty lies not only in the hopeful pause it offers in the reckless race toward nuclear armament. It lies equally in its significance as an example of the possibility of humanizing to agree on major issues affecting its welfare. It is a tribute to reason which so often founders when the passions and the ambitions of men are stirred. The world looks brighter today, despite the turmoil and the turbulence that beset it. The Treaty for the Nonproliferation of Nuclear Weapons has already opened the way to further progress in the stated willingness of the United States and the U.S.S.R. to examine the possibility of limitations on strategic nuclear delivery vehicles.

There is indeed reason to rejoice. My congratulations go out to this administration and to the men whose abundant good will, skill, and patience produced this splendid new hope for the future of mankind.

TREATY FOR NONPROLIFERATION OF NUCLEAR WEAPONS

Mr. MORGAN asked and was given permission to address the House for 1 minute (Mr. MORGAN asked and was given leave to revise and extend his remarks and include extraneous matter)

Mr. MORGAN. Mr. Speaker, this administration may well congratulate itself upon the tremendous achievement represented by the Treaty for the Nonproliferation of Nuclear Weapons. It is indeed the most significant development since the advent of nuclear weapons.
The Housing and Urban Development Act

President Johnson, in a Special Message to Congress, outlined plans for achieving a formidable housing goal—the construction of 26.2 million new housing units in the next 10 years.

Some perspective on the dimensions of this goal is gained from the fact that we built only 14.4 million in the last 10 years.

The President's plans were embodied in the Housing and Urban Development Act of 1968 (S. 3029, H. R. 15624). As Congressional hearings opened on this proposal, Robert C. Weaver, Secretary of Housing and Urban Development, said:

The specific housing and community development program which we are presenting has many unique features. But most significant, I believe, is the fact that this total new effort is aimed primarily at achieving a single, specific and unified national goal—the building and rebuilding in 10 years of enough good housing to permit the replacement of substantially all substandard dwellings.

As befits such a formidable goal, the bill embodying the plans for achieving it is also a formidable document. Included in its 154 pages are 11 major titles and 90 sections, ranging from grants for model cities to urban mass transportation grants to urban planning.

Important proposals would make changes in the operations of the Federal National Mortgage Association (FNMA), and remove the statutory six-percent ceiling on FHA-insured mortgages. Recognition of a market-rate interest principle is expected to have beneficial effects throughout the housing industry.

Much of the bill, however, deals specifically with proposals to stimulate construction and rehabilitation of housing for moderate and low income families.

- Out of the 26 million new housing units envisioned, it is proposed that public assistance be provided for the construction of 4,000,000, compared to 500,000 in the last decade.
- It is also proposed that public assistance be provided for the rehabilitation of 2,000,000 existing units in the next decade, compared to 25,000 in the past decade.

As usual, part of the stimulus to the new construction and rehabilitation of publicly-assisted units is to come from the appropriations of bigger sums.

It is estimated that appropriations and authorizations requested in the bill for programs running for one to four years beyond fiscal year 1969 are about $10 billion.

- But bigger Federal spending is only part of the proposal. Also included are:
  - New approaches to the way in which housing-subsidies are provided for low and moderate income families.
  - Additional efforts to tap the resources and skills of private industry.

In essence, these new approaches and additional efforts are designed to result in 300,000 publicly-financed housing starts in fiscal 1969—triple the present rate—through (1) a new program of homeownership; (2) modifications and extensions of existing Federal programs in rental and cooperative housing; and (3) the authorization of a National Housing Partnership program, as recommended by the President's Committee on Urban Housing, chaired by Edgar F. Kaiser. These partnerships, operating on a national scale, would combine private capital with business and organization skills to construct and operate housing for low and moderate income families.

**Homeownership**

Until now, Federal housing assistance for low and moderate income families has been directed almost entirely to rental housing. A limited, experimental program was authorized in 1966, which authorizes insured mortgages at 3 percent interest to non-profit organizations for the purchase and rehabilitation of substandard homes for subsequent resale, with 3 percent mortgages, to low-income families.

This experimental program would be incorporated in a new section, which, essentially, is designed to promote homeownership by providing a Federal subsidy for interest payments.

It is patterned after provisions approved last year by the Senate Banking and Currency Committee, but opposed by the Administration. This year, the Administration has endorsed the principle.

It would work this way:

A family would pay 20 percent of its monthly income to principal repayment, interest, taxes, insurance and mortgage insurance premiums. (In computing the monthly income, $200 could be deducted for each dependent child.) If the 20 percent did not cover the cost of the mortgage
payment, the subsidy would cover enough of the interest cost to result in the home purchaser paying the equivalent of one percent interest.

A mortgage limit of $15,000 ($17,500 in high cost areas) would be imposed, except for a family of five or more persons where the limits could be $17,500 and $20,000 respectively.

What this could mean specifically is that the average cost of $125 to $130 a month on a $15,000 mortgage could be brought down to $71 a month.

Unlike the experimental plan, which depends on direct Federal lending from the special assistance funds of Federal National Mortgage Association (FNMA) to support its three percent mortgages, this program will rely on the private mortgage market to finance it.

Because the base figure is 20 percent of income, obviously the amount of subsidy will vary according to the income of the homeowner, and could decrease as income rises. The bill provides that the family's income be recertified every two years and appropriate changes be made in the assistance payment.

Assistance under this program will generally be limited to new or substantially rehabilitated housing, although a family displaced, for example, as the result of an urban renewal project could buy an existing home. Also authorized for assistance are those families purchasing their dwelling unit in a rental project.

Liberalization of FHA Requirements. Homeownership would also be facilitated by making FHA mortgage insurance available for families who have heretofore been unable to meet requirements because of their credit histories or irregular family income patterns, and by extending FHA insurance to properties in older declining areas that do not meet the standards of more stable areas.

The HUD Secretary would be authorized to provide counseling services on such things as budgets, debt management to persons who had been turned down previously as bad credit risks.

A new "special risk insurance fund," not intended to be actuarially sound, would be established to cover the Homeownership program, and the credit assistance above, as well as some parts of the rental and cooperative housing program.

Condominium and Cooperative Ownership. Another mechanism to permit low and moderate income families to attain an ownership interest in their dwellings is also proposed. This plan would allow them to purchase an individual family unit in a multi-unit project which has been constructed with Federal funds at below-market-rate interest—if the project is converted into a cooperative or condominium. At least a 3 percent down-payment would be required, and the purchase could be financed by a 40-year mortgage, at below-market interest rates.

Interest-Free Loans. The bill would authorize the Secretary of HUD to provide technical assistance 80 percent interest free loans for pre-construction costs of non-profit sponsors of low or moderate income housing undertakings.

In explaining the provision, HUD spokesmen said:

Much of the Federal housing policy for low and moderate family income families has been geared to the use of the nonprofit sponsor. However, the experience so far has not been satisfactory. Except in rare instances, nonprofit sponsors have been lacking in experience and technical capacity to develop housing. . . . The provision of loans to cover certain preconstruction costs is essential if nonprofit organizations are to have a significant role in the expanded low and moderate income housing program.

Rental Housing

The bill establishes a new program of interest subsidies, similar to the home ownership proposal, which is designed to aid low and moderate income families in rented or cooperative housing.

Under this plan, a non-profit organization or cooperative which operates rental housing would receive subsidies from the Federal Government for the difference between a one percent interest rate on the money which was borrowed to construct or rehabilitate housing and the actual interest it had to pay to borrow the funds.

The subsidy would permit the nonprofit operator to charge lower rents. Tenants would pay either a basic rental charge or 25 percent of their average monthly income under the plan.

The program is intended to replace a present three percent loan program, as well as the program of direct three percent loans for the elderly and the handicapped.

To provide authorization to assist in the construction or rehabilitation of about 1.4 million units of rental housing for low and moderate income families, $75 million in authority is asked prior to July 1, 1969, $125 million, for 1970, $150 million for 1971, and $150 million for 1972.

Rent Supplements. The bill would make available an additional $40 million in contract authority for rent supplement payments in fiscal 1970, plus an additional $100 million in contract authority in each of the fiscal years 1971, 1972, and 1973.

Under the rent supplement program, the Government pays the difference between 25 percent of a family's income and the actual cost of rent in a privately-owned dwelling.

The $340 million in new contract authority, HUD officials say, will start the construction or rehabilitation of 2.35 million units through fiscal 1973.

Public Housing: The bill proposes a sharp increase in public housing, over the next five years—to 775,000 units. Presently, there are now in operation 680,000 units, with another 55,000 units under construction.

HUD officials say this authorization is "a key element in the President's program of providing six million low and
They say that major emphasis will be placed on production under the Turnkey method, with about half of the units expected to be so provided.

Under the Turnkey method, private developers can contract to build housing or rehabilitate property for eventual sale to a local housing agency.

Under Turnkey, which cuts red-tape, a low-rent project can be constructed in less than half the time traditionally required for public housing. The Turnkey concept is also being extended to permit private industry to manage public housing developments, as well as build them.

The authorization will also be used to lease or buy existing housing, and to provide funds for the extensive modernization of older, existing public housing.

Other proposals...

In addition to the proposals for expanding home ownership (Title I); rental housing (Title II); and the creation of a National Housing Partnership (Title IX), discussed in this publication, the bill would make many other changes in present housing and urban development programs. For example:

**FHA Insurance Operations.** The statutory ceiling on FHA insured mortgages would be removed, and the Secretary of HUD would be authorized to set rates as he finds necessary to meet the mortgage market.

Among other things, the maximum FHA-insured property improvement loan would be raised from $3,500 to $5,000 and the maximum maturity would be increased from five years to seven years. (Title III.)

**New Communities.** The Secretary of HUD would be authorized to guarantee up to $50 million in bonds, notes, debentures, and other obligations issued by the developer who is building an entirely new community. The total authorized amount of the loan guarantees would be $500 million. (Title IV.)

**Urban Renewal.** Under a new approach, projects, in effect, would be divided into annual increments and the Federal commitment at any given time would be limited to the net costs in the coming year. Under a “Neighborhood Development Program,” a community could receive assistance to carry out urban renewal activities in one or more urban renewal areas through annual grants for two-thirds (or three-fourths in smaller communities and economic redevelopment areas) of the net cost of the year’s activities. The principal difference from the present system would be that each year the community would request assistance for specific activities it proposed to carry out that year, rather than having all the funds tied up for a number of years as now happens in large projects.

**Other changes include:** grants to local housing authorities to assist them in upgrading their management activities and providing additional tenant services, as well as the broadening of existing law to permit local authorities to sell low-rent housing units to tenants in public housing developments.

**National Housing Partnerships**

Administration experts have concluded that one reason why big firms and institutional investors, such as insurance companies and pension funds have shied away from investment in low and moderate income housing projects is that a single project is too big a risk.

To spread the risk, the President asked Congress to authorize National Housing Partnerships.

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Among other things, the maximum FHA-insured property improvement loan would be raised from $3,500 to $5,000 and the maximum maturity would be increased from five years to seven years. (Title III.)

**New Communities.** The Secretary of HUD would be authorized to guarantee up to $50 million in bonds, notes, debentures, and other obligations issued by the developer who is building an entirely new community. The total authorized amount of the loan guarantees would be $500 million. (Title IV.)

**Urban Renewal.** Under a new approach, projects, in effect, would be divided into annual increments and the Federal commitment at any given time would be limited to the net costs in the coming year. Under a “Neighborhood Development Program,” a community could receive assistance to carry out urban renewal activities in one or more urban renewal areas through annual grants for two-thirds (or three-fourths in smaller communities and economic redevelopment areas) of the net cost of the year’s activities. The principal difference from the present system would be that each year the community would request assistance for specific activities it proposed to carry out that year, rather than having all the funds tied up for a number of years as now happens in large projects.

The bill would authorize an additional $350 million to be earmarked for model cities programs and an additional $1.4 billion for fiscal 1970, including funds for future model cities programs.

The maximum rehabilitation grant to a low income homeowner in an urban renewal or code enforcement area would be increased from the present $1,500 to $2,500, and the three-percent direct loans to rehabilitate property in such areas would be extended to June 30, 1973. (Title V.)

**Urban Planning and Facilities.** The program of supplemental grants for public areas which currently are made only in metropolitan areas would be extended to rural areas and the existing program of comprehensive planning grants would be extended to State agencies for rural and other non-metropolitan areas. (Title VI.)

**Mass Transportation.** $190 million would be authorized for all mass transportation grants in fiscal 1970 and the definition of urban mass transportation would be broadened to permit grants for a greater variety of experimental programs. (Title VII.)

**FNMA.** The Federal National Mortgage Association’s secondary market operations would be transferred to a Government-chartered private corporation. Two other functions of the FNMA—special assistance, and management of liquidation, would be reconstituted as the Government National Mortgage Association within HUD. (Title VIII.)

**Rural Housing.** Direct and indirect insured loans to low and moderate income families in rural areas which could not otherwise qualify for Federal housing assistance would be authorized. (Title X.)

**Demonstration Projects.** Federal payment of the full cost of urban renewal demonstration projects is among a number of miscellaneous changes in housing law proposed in Title XI.
Under the plan, a Federally chartered corporation would be set up as a limited partnership. Big companies would be encouraged to invest in the partnership and buy stock in the national corporations.

The National partnership would then become partners with builders in a "whole host of housing developments" for low and moderate income families.

The National Partnership would be limited to providing 25 percent of the equity in any individual project, with the rest coming from the local areas.

Presidential Assistant Joseph Califano has estimated that as the depreciation on these projects for income tax purposes "passed through" the national partnership back to the investors, the after-tax return could be from 13 to 20 percent on equity.

Generally Approved

Although there are criticisms of details and mechanisms, the principles of home ownership, a bigger role for private industry, and more realistic interest rates are being generally approved.

Especially important is the shift from the principle of direct Federal lending to private enterprise markets.

Harvey G. Hallenbeck, Jr., Secretary of the Chamber's Urban Affairs Committee, reminded the House Housing Subcommittee that "in the past, Federal efforts to foster better housing frequently took the course of attempting to reduce housing prices (monthly mortgages or rentals) by establishing artificial interest rates that were below market rates." As a result, the Government had to lend the money and then raise it either by taxing or borrowing.

He said:

In this way, an elaborate apparatus of transactions and administrative devices is erected through which Government subsidizes housing by, in effect, losing money on its lending-and-borrowing and by incurring Government administrative costs in developing and managing a mortgage portfolio and floating its own issues.

Not only does this system of direct government lending tend "to produce disrupting effects in capital markets," he emphasized, "it also results in the irregular, off-again, on-again flow of funds that makes planning for the future difficult for builders who want to provide shelter and for families of modest means who would like to buy or rent adequate homes."

Problems

General approval of the new approaches does not mean, of course, that there are no problems.

For one thing, there is the problem of cost at a time of extreme financial urgency.

As a result, it is considered likely that Congress will cut down the proposed five-year authorization to a two- or possibly three-year authorization.

It is also considered likely that the proposed subsidy to bring the interest rate down to one percent for both homeowners and rental housing programs may be limited to a two percent rate.

It appears, too, that the annual income eligibility scale of about $3,800 to $7,200 per family, as approved in S. 2700 last year, will prevail, at least in the Senate Committee, as compared to the Administration's proposed scale that would subsidize housing for families of five or six with annual incomes as high as $10,000.

The eligibility income scale for homeownership and rental programs continues, in fact, to be one of controversy. Despite strong political pressures to include as many people as possible, there is a strong case for concentrating such Federal programs on the truly low-income segments of our society, rather than dissipating funds through a larger range.

The Republican members of the Senate Subcommittee believe firmly that the upper level of the income scale should be lowered as much as possible so that families with annual incomes in the $3,000-$5,000 range will benefit the most from the rental and home ownership program.

In a recent speech, Senator Tower of Texas, pointed out that subsidizing families with incomes up to $10,000 annually would encompass 70 percent of all families. He added:

We should reach out to assist those who but for such assistance could not decently house themselves. We should resist the philosophy which urges us to reach out and subsidize higher incomes, and we should demand that housing produced with direct Government assistance be devoted to true low-income housing. There is no such emphasis in the Administration's proposals.

Mr. Hallenbeck also attacked the public housing program on the grounds that the "families whose incomes are the very lowest, and who have the least potential for increasing their incomes are being largely ignored. . . . "

"The low-rent public housing program, with the changes contemplated in this bill will not meet the housing needs of the poorest people. It never has met those needs." He recommended that the program be re-directed to meeting these needs.

In a recent talk, Chairman John Sparkman (D-Ala.), of the Senate Banking and Currency Committee, declared:

Some people believe the only answer to slums and city problems is money. They point the finger at Washington and the Congress and denounce them for failing to appropriate huge sums of money to save our cities.

Those of you who are familiar with my stand on housing know how persistently I work for Federal assistance for housing. However, I disagree strongly with the attitude of some who constantly look to the mote in the eyes of Congress rather than to the beam in their own eyes.

All of the money in the Federal Treasury would not solve the problems of our cities. I believe that these problems will only be solved when our nation and all of us are willing to utilize to the fullest extent possible all of our available resources.

One of our biggest resources, he said, is the efficiency of our private enterprise system.
Members of Congress generally agree that the President's decision not to seek re-election will have substantial repercussions in Congress, but there is less agreement on how it will affect specific bills.

Although Chairman Wilbur D. Mills (D-Ark.) is non-committal, most Members seem to believe that the President's action coupled with his renewal request for a tax boost may have brightened prospects for that legislation.

House Appropriations Committee Chairman Mahon (D-Tex.), for example, said that a break in the tax-spending deadlock was probably in the works anyway and might now come soon. He, and others, apparently reason that as a non-candidate, the President will find it easier to abandon some of his spending requests, and thus meet Congressional demands for spending cuts before a tax boost is enacted.

House Speaker McCormack refused to comment on the effect of the President's announcement on specific legislative proposals, but many of the lawmakers obviously agree with the views of Rep. Patman (D-Tex.), who doubts that any further significant action will be taken by the 90th Congress. "Congress is practically over for this session," he said, "in the belief that the legislators will now want to wait and hear the views of the new President-elect."

Senate Majority Leader Mansfield (D-Mont.) said the President's speech opens up the possibility that "we may clean up our program and adjourn around August 1."

Most experienced observers believe that the net over-all impact will be the passage of "must" legislation, such as appropriations, but that most new proposals involving large expenditures will remain on the shelf.

TAXES

Although conferees started work immediately, few people were willing to predict how long it would take them to resolve the substantial differences in the Senate and House versions of H.R. 15414. The bill was approved by the House as a comparatively simple extension of present excise taxes on automobiles and telephone services and a speedup in corporate income tax payments. The Senate added more than a dozen tax changes, including provisions imposing a 10 percent tax surcharge and a mandatory $6 billion reduction in Federal spending.

Included were changes in Social Security welfare payments, a two-year extension of the time in which States could decide whether to permit welfare recipients to participate in the voluntary part of Medicare, a freeze on Federal employment, quotas on certain textile imports, the restoration of a tax exemption for advertising revenues of publications issued by non-profit groups, and revocation of a tax exemption for State and local industrial bonds, and others.

How many, if any, of these amendments will survive the conference is debatable; the House has always proved to be jealous of its tax-initiating authority.

ANNUAL RATE CREDIT

After months of delay, the first meetings of conferees on the Annual Rate Credit bill (S.5) are now scheduled for April 9-10. The Conference Committee seems to be somewhat weighted in favor of the more severe House version of the bill.

ANTI-CRIME

The Senate Judiciary Committee is expected to order reported the Safe Streets and Crime Control Act (S. 917) within the next few days. The Senate bill includes many features not contained in the House-passed bill (H.R. 5037), such as provisions permitting wiretapping under court orders. An amendment, offered in Committee by Sen. Roman L. Hruska (R-NeB.), to approve a House provision, which would allocate 90 percent of the funds in block grants to the States, was defeated 8-7.

TRAVEL TAX

A travel tax proposal (H.R. 16261), which is sharply curtailed from the Administration's request, has been overwhelmingly approved by the House. After debate in which no opposition was voiced, the House voted to put a 5 percent ticket tax on all overseas airline flights, similar to the one now imposed on domestic flights. The bill also reduces from $100 to $10 the amount of duty-free goods that travelers abroad can bring home.

Not included was the Administration's original, and highly-controversial, request that a graduated tax be placed on virtually all overseas tourists outside the Western Hemisphere who spend more than $7 a day.
OTHER DEVELOPMENTS

The House Judiciary Committee has filed its report on a new holiday measure (H.R. 15951, McClory, R-III.). The bill would establish Monday observance of four holidays: Washington's Birthday, to be observed on the third Monday in February; Memorial Day, the last Monday in May; Columbus Day, the second Monday in October; and Veterans' Day, the fourth Monday in October.

The House Select Subcommittee on Labor now tentatively plans to start markup sessions of the Occupational Safety and Health Act (H.R. 14181) the week of April 8. It is reliably reported that the bill will be extensively revised.

The Agriculture Fair Practices Act (S. 109) has gone to the White House for signature, following approval by the Senate of House amendments. The bill is designed to protect the right of an agricultural producer to decide, free from improper pressures, whether he wishes to belong to a marketing or bargaining association.

The Senate Banking and Currency Committee hopes to order reported its omnibus housing bill (S. 3029) by the Easter recess, and is scheduled to hold executive sessions on the measure on April 9, 10. Observers doubt that work on the complicated measure can be completed in three days.

A new vocational education bill (H.R. 16460) has been introduced in the House by Rep. nood (D-Wash.) and 33 other House members. The bill would boost the Administration's request for $290 million in fiscal 1969 to $785 million, and provide annual increases to a level of $2 billion by 1972. The bill contemplates a major overhaul of vocational education in the Nation's schools, so that every high school graduate would be equipped with a skill.

A new bill (H.R. 15363) governing inspection of poultry processing plants has been agreed to by the House Agriculture Committee. The bill generally follows the principles of the meat inspection law passed last year. It would give States two years to implement their own inspection systems and exempts intra-state plants doing less than $15,000 business annually.

A spokesman for the National Chamber, testifying in support of S. 3065, has asked that the bill be clarified before enactment. The measure authorizes the Federal Trade Commission to seek preliminary injunctions against any person it believes to be engaged in unfair practices against a consumer. The Chamber urged that the bill make clear the court has unquestioned authority to exercise "sound discretion" before granting the injunction.

Sen. Ellender (D-La.), Chairman of the House Agriculture Committee, has taken the unusual step of asking the House to defeat or modify a bill approved by his Committee. The bill, S. 1975, forbids the import of long-staple cotton from any nation severing diplomatic relations with the U.S., i.e., Egypt and the Sudan. Senator Ellender says the bill is unnecessary.

The House Commerce Committee has approved H. J. Res. 958, providing a $2 million study of the Nation's automobile insurance system. The Senate Commerce Committee has also approved a similar bill.... Meanwhile, the Communications and Power Subcommittee of the House Commerce Committee, has approved an amended version of the Senate-passed bill, S. 1566, which provides Federal safety regulation of natural gas pipelines. The Subcommittee excluded some 63,000 miles of distribution lines and lessened the proposed penalties for offenses.

A close battle is expected in the House Rules Committee over granting a rule for H.R. 16014, which would bring farm laborers under coverage of the National Labor Relations Act.

HERE'S THE ISSUE

The Housing and Urban Development Act

APRIL 5, 1968
DIFFERENCES BETWEEN RENT CERTIFICATE PROGRAM (GOP) & RENT SUPPLEMENT PROGRAM (DEM.)

There has been considerable confusion between the Rent Supplement Program sponsored by the Administration and the Republican-sponsored Rent Certificate Program.

The Rent Certificate Program (which makes use of privately-owned, privately-operated, housing units paying full taxes) is a part of the Public Housing program and is not only fully funded but already in operation. The Rent Supplement Program has taken some time to get into operation. Current figures (8/31/68) as to people housed are: Rent Certificates - 26,000 units (100,000+ people) Rent Supplements - 3,000 units (10,000+ people).

Basically, the differences between the two programs which point up the advantages which the Rent Certificate Program has are listed below:

1. The Rent Certificate Program can and is immediately available because it uses existing housing that is "decent, safe, and sanitary." The Rent Supplement Program, on the other hand, is one to two years away from full operation if it achieves that. Even though it is now funded, it cannot be used to house people now chiefly because its program is restricted to newly constructed or major rehabilitated housing. It cannot use existing housing except for the 231 and 202 elderly housing programs which by law split 5 percent of the authorization although at present (9/1/68) they account for 60 percent plus of the units that are rent supplemented, all of which could have been utilized under the Rent Certificate Program at less cost to both the government and the tenant.

2. The Rent Certificate Program will cost less than either Rent Supplements or present public housing. Subsidy payments for Rent Certificates are restricted to that which can be paid for comparable units in the regular public housing program. Such a limitation was included in the original Rent Supplement Program, but stricken by Democratic action, because they knew they could not stay within the bounds set. Also, the Rent Certificate Program will not carry many of the administrative and construction costs of the regular public housing program.

3. The Rent Certificate Program will not require the creation of a parallel bureaucracy as it is specifically tied to the present housing program and the officials managing it. Rent Supplements will be paid out through the Federal Housing Administration, which is not set up to screen applicants and has neither the personnel nor the offices (76 FHA offices as against over 1,700 local housing authority offices) to operate an efficient, large program.

4. The Rent Certificate program has a high measure of local control inherently and also must be approved by the local governing body of its area. The Administration is continuously seeking to avoid this control for Rent Supplements and succeeded in avoiding it in the basic legislation. The Appropriations Committee attached the control as a condition precedent to granting the program funds.

5. Rent Certificate units must be voluntarily offered. Tenant selection is centered in the owner of the privately operated units. Rent Supplements have something of this, but Rent Supplement tenants will occupy 90 to 100 percent of their structures. In the Rent Certificate Program only 10 percent of the available units in all but the smaller buildings can be used by Rent Certificate tenants, without specific waiver.

6. The Rent Certificate Program is limited to one to five year leases that can be renewed. The Rent Supplement Program contracts run irrevocably for 40 years. Thus, the Rent Certificates permits a considerable amount of flexibility with which to deal with whatever experience is encountered. Rent Supplements do not. You contract for 40 years.

Both the Rent Certificate and the Rent Supplement programs will be paying full taxes on the quarters subsidized. In either case, this would be more than public housing pays through its system of Payments In Lieu of Taxes (Pilot).
TO:  The Honorable William B. Widnall

FROM:  Casey Ireland, Minority Staff Member

RE:  Presidential Instructions to HUD to More Than Double Production of Low Income (Public Housing) Units.

In 1964, Congress raised the annual subsidy level at which public housing could be supported from $336 million to $366 million, authorizing an additional 37,500 housing starts. In 1965, it increased the support level by $188 million to $554 million, supposedly providing the HFA with an additional capability of 60,000 more units annually for the ensuing four years.

Despite this, the annual number of units placed under management rocked along at approximately 30,000. It has been at this figure - a little above it or a little below - for years. Present support payments have only recently gone above $200 million. So despite the Administration's citation of figures proving the need for the program, their production to meet this need remained at just about what it had been during the Eisenhower years. Then....


Mr. Califano opened the conference by saying:

"Early in August the President asked Secretary Weaver to see if he could double the number of low income housing units that would be available for occupancy in the next year. Secretary Weaver has been working on this for the past several weeks. He reported to the President that he would be able to achieve this."
Secretary Weaver continued, saying:

"That means whereas currently we are producing some 15,000 such units annually, we will be able to produce 70,000 units for the next 12 months. Translated into people, that means increasing the number of low income families housed from 150,000 to about 300,000."

I am attaching a full copy of the published transcript of that conference which contains the above quote. Further on, on page two, you will note a passing reference to "our leasing program" which you first proposed as legislation in 1944 and which was adopted by the Congress in 1945 despite HUD's bitter opposition. (The letter can be found together with your rebuttal on pages 210-211, and 217 of the 1964 Housing hearings of the House of Representatives.)

The Housing Acts of 1964 and 1965 increased the authorization subsidy for public housing sufficiently so that HUD estimated that the Department would be able to produce 277,500 more units for addition to the program. (The authorization is expressed in dollars in the law, but the Department publicly speaks of units.) The dollar increases were $30,250,000 by the Housing Act of 1964 and $186,000,000 by the Housing Act of 1965.

Despite these large contract authorizations in the two years mentioned, the units placed under management—the available for occupancy—still hovered, as previously stated, at around the 30,000 figure annually. The new contract authority, HUD said, would enable the Department to produce at twice the level previously. It never came close.

I believe the HUD press conference of a year ago was called to cover up the Department's failure to raise production after being authorized to do so. But having reached their announced goals, and no longer being able to blame Congress for refusing to increase an authorization they had been unable to implement, HUD used publicity to cover up their production failure and to prepare the way for its 1968 request for even a greater authorization.
Since they had to strain mightily to produce 35,000 units in the 12 month period prior to the press conference, the question arose as to just how in a year's time they expected to double to an annual production of 70,000. The following quote from page 7 of the transcript of the press conference indicates their publicized thinking:

"Secretary Weaver: No, we don't know. I can tell you that the vast majority will be in new construction. Maybe 10 or 15 percent will be rehabilitation and about 10 percent leasing, roughly.

"Q. And the new construction will be mostly Turnkey?

"Secretary Weaver: Yes."

Strange as it seems, the Administration, although it is a little past a year in time from the announcement of its press conference, is close to realizing its goal. Its "turnkey" operation has not, however, been the answer as the Secretary predicted it would be.

What has turned the trick for them - they have presently bagged about 52,500 of the 70,000 unit goal - has been the scorned (because it was a GOP proposed innovation) rent certificate leasing program. Their normal annual production has roared along as usual, roughly the 30,000 unit level. The leasing program, however, has shot up into the high 30 thousand level and continues to grow in popularity. The balance is accounted for by acquisitions of existing structures and projects, an implementation of the leasing program's principle of using existing housing.

I am bringing this to your attention because of my considerable suspicion that the Administration intends to call public attention to its "monumental" achievement as soon as the goal of 70,000 units is reached. I further suspect that they will attempt to make use of it in the campaign. The foregoing facts are made available for you for such rebuttal as you may wish to make.

-continued-
The point simply is that the Administration was able to reach the goal it did, not through redoubling its efforts, but through the use of a program which you and the GOP minority originally proposed, which they fought in 1964, and which was enacted in 1965 at the same time as the much tested rent supplement program. Today, the rent certificate-lease program is sheltering over 100,000 people in its 26,000+ units, and is more than eight times as large as the rent supplements' 3,000+ units. It is also giving about ten times as many people decent, safe, and sanitary homes.

I am sending a copy of this memorandum to Don Webster, who is on the staff of former Vice President Nixon's Key Issues Committee, operating here in Washington, against the possibility that the matter may enter into the National Campaign.

As a final note, the level of subsidy at which public housing can now be supported has been raised by the 1968 Housing Act from $554 million 250 thousand, to $954 million 250 thousand - a $400 million increase. Present payment amounts to $350 million annually. At present rates of progress, it could be a long time before HUD needs to come back for additional authorization, even though most of the authorization is eaten up by inflation and the inability of the agency to really produce. The $400 million increase referred to above should produce - at present costs - 150,000 homes. BUT WHEN?
Mr. CALIFANO: The President met this morning for about 30 minutes with Secretary of Housing and Urban Development Weaver.

Early in August the President asked Secretary Weaver to see if he could double the number of low income housing units that would be available for occupancy in the next year. Secretary Weaver has been working on this for the past several weeks. He reported to the President that he would be able to achieve this.

I will let the Secretary take over and tell you what he is going to do.

SECRETARY WEAVER: By revising our procedures, we will be able -- as the President requested -- to double the number of low rent housing units that will be occupied by families over the next 12 months.

That means whereas currently we are producing some 35,000 such units annually, we will be able to produce 70,000 units for the next 12 months. Translated into people, that means increasing the number of low income families housed from 150,000 to about 300,000.

This is a continuation of the effort which we started some time ago -- again at the President's request -- in order to make changes, to upgrade, and to make more effective and efficient the public housing program.

First, there was the Turnkey approach to construction. As you know, this is the approach which involves a private bidder who acquires a site and does the planning in accordance with the requirements of the local housing authority. He hires the architect, completes the building, and turns the key over to the local housing authority when the building is complete. This effects great savings in time -- cutting time sometimes over more than a half -- and also gives significant economies in cost.

Second, a fortnight ago we announced -- at the President's request -- the utilization of private management in operation of the projects which are being built under the Turnkey method in public housing.
Finally, we have a revision of priorities in the processing of these projects. Briefly, what we are going to do is this:

First, we are having every local housing authority look at its inventory of projects that it has in the pipeline. These may be in planning. They may be in just preliminary planning. We are asking them to identify every one of these projects which can be put under construction in the next 9 months.

We will then give priority to those projects which can then be started within the next 9 months.

As a result of the utilization of our leasing program and the rehabilitation program, we will be able to double the number of units that will be in occupancy in the next 12 months.

Briefly, this is what we are going to do and how we are going to do it. If you have any questions, I will take them.

Q Mr. Weaver, you cited an increase in the number of low income families that could be housed?

SECRETARY WEAVER: Yes.

Q You mean an increase in the number of additional ones to be housed?

SECRETARY WEAVER: Yes.

Q Were 35,000 units a year the number you would need to house 150,000 people, not families?

SECRETARY WEAVER: Yes. The figures that I gave, 35,000 and 70,000, are dwelling units. 150,000 and 300,000 are individuals.

Q Mr. Secretary, how will this affect the cash outflow from HUD? Will this increase the costs of the various programs?

SECRETARY WEAVER: This will be done under our present authorizations. It will simply accelerate the program which we already have authority for.

Q Can you tell us what that present authorization is, Mr. Secretary?

SECRETARY WEAVER: We have an authorization which goes back over many years, but have 240,000 units of public housing in the last omnibus bill. This will be within that authorization. You see in this program, you authorize a number of units rather than a dollar amount.

Q 240,000 is not an annual figure, is it?

SECRETARY WEAVER: No.
Q A figure since the Housing Act of '58, or whatever?

SECRETARY WEAVER: Over a period of four years.

Q Mr. Secretary, will this cost the Government any additional money?

SECRETARY WEAVER: No. The only difference here will be the time when the annual contributions — which is the cost to the Government — will be paid may be somewhat more rapid than it would otherwise have been, but there will be no additional authorization or appropriations needed to carry out this program.

Q Will it cost more money in fiscal year 1968 than it otherwise would have cost?

SECRETARY WEAVER: Not in '68, no.

Q How about '69?

SECRETARY WEAVER: In '69, it will accelerate the time it begins so your outlay will be greater in that year.

Q Mr. Secretary, what kind of programs will have to be delayed in order to give priority to these?

SECRETARY WEAVER: The programs that would be delayed will be those developments which are not sufficiently advanced so that they can be put into construction quickly. They will be pushed back in the pipeline. Those that can be will be pushed up in the pipeline.

Q Mr. Secretary, will this in effect be a one-shot effort, or will you be able to sustain this double pace in future years?

SECRETARY WEAVER: We will be able to sustain it for a couple of years. By that time, we will have caught up with the pipeline.

You cannot continue to do this. What you are really doing is pushing up in the processing in time those things which would normally be perhaps two years from now — putting it up in a year's time.

When you do that a couple of years, you about run out.

Q The yardstick for pushing things up is the impact of speeding up processing, not the social need of one project against another?

SECRETARY WEAVER: The social needs are about equal. They all are for low income people, displaced and in need of housing. All of them have a high incidence of social need to be included in the first place.

As between one degree of social need which is high, and another a little higher, the answer would be yes. But they all qualify so far as social need is concerned.
Q There is no idea the Federal Government is going to target those cities where there have been civil disorders?

SECRETARY WEAVER: No, there is no connection between that and this program.

Q Mr. Secretary, we have been dealing with this figure of 35,000. Has that been a limit, a congressional limit, or an informally set goal?

Where has this figure come from?

SECRETARY WEAVER: There are two figures that set a limit on us. First is the amount of annual contributions, which is the subsidy with which we can enter the contracts. That is around 60,000 units a year.

The second is the number of units that are produced within that limitation. That has been running around 35,000. We are now going to exceed both because we have a backlog.

So we will double 35,000 and come up with the 70,000. We can do this for a couple of years under the existing authorization until we catch up with the backlog.

Q Is this Turnkey method of construction more expensive?

SECRETARY WEAVER: No. It is less expensive.

Q Why is that, sir?

SECRETARY WEAVER: In the first place, time is money in building. Where a project is in development and planning for two or three years, you have extremely great expenses of overhead, of operations, of tax estimates if it isn't purchased, and of upkeep and maintenance, and so forth.

Secondly, by the Turnkey method -- because you don't go out and advertise for bids, because the developer himself has his own planning and architects -- the architectural paper work and amount of plans necessary is much smaller than it would be otherwise.

Under a government-owned-and-operated construction, you have to have a great deal of inspection which would be done by the architect for a private builder. He would be inspecting for himself because he has to get the product in order so that it meets the specifications to get it accepted.

Therefore, you get these economies. But, I think time is the greatest of the economies.

Q Mr. Secretary, how many families now live in low rent, federally subsidized housing?

SECRETARY WEAVER: Over 600,000.

MORE
Q So this is an increment to that figure?
SECRETARY WEAVER: Yes.

Q Six hundred thousand families or individuals?
SECRETARY WEAVER: Families.

Q When you talked about going from 150,000 to 300,000, you are talking about individuals?
SECRETARY WEAVER: Yes. But when I talked about units, I went from 35,000 to 70,000.

Q What would be the impact of delaying projects not as far along in the pipeline? Will work stop in architects and engineers offices? Will contracts not be let that might otherwise be let?
SECRETARY WEAVER: No. By and large, where you have architects and engineers that have progressed to the point where they have made a significant contribution, there will be a tendency to continue that and bring it to fruition.

Where they have not progressed very far and the amount of expenditure is minimal, we will cut it off and save money and time.

Q Mr. Secretary, do you have the names of cities where you have projects that are far enough along so they can be identified?
SECRETARY WEAVER: We sent the instructions out on this yesterday. We had a meeting of our regional people on Friday. We have worked pretty fast, but not that fast.

Q Mr. Secretary, why couldn't this have been done before?
SECRETARY WEAVER: It couldn't have been done before last year, because we didn't have the Turnkey method before last year. It took some time to get the new method understood by the local housing authorities and to where they can use it.

It has taken about a year's experience for many of them to become convinced that it is workable and to accept it. Remember, this is done by local authorities and not directly by us.

Secondly, it took us about 12 months to revise our regulations under Turnkey to make it most effective and efficient.

Q Mr. Secretary, do you think most of these 70,000 units will be built under Turnkey?
SECRETARY WEAVER: I would say not all, but the vast majority.

Q Can you put any dollar figure on this?
SECRETARY WEAVER: What sort of dollar figure?

Q Can you tell us what they would have otherwise been in '68, but there will be an increase in payout during '69?

SECRETARY WEAVER: No, I can't, because it depends on the nature of the project. I couldn't give you an exact figure.

Q Generally speaking, what is the value of the low-rent housing?

SECRETARY WEAVER: If you mean the value as far as construction is concerned, these average around about probably $14,000 or $15,000 a unit. This is including the land and the construction costs.

Q How much of that will be Federal money? All of it?

SECRETARY WEAVER: None of it.

Q Where does the subsidy come in?

SECRETARY WEAVER: That has nothing to do with that. That is the construction cost. The way public housing is financed is that there are local bonds issued by the local public agency which is the local authority. These are guaranteed by the Federal Government and they are sold as tax-exempt local bonds. Therefore, you get a very -- relatively -- low rate of interest.

The cost to the government on this is not there, because the bonds are paid back out of annual contributions. The annual contributions are the figures which cost the government. Each unit of housing, in public housing, now averages around $700 a unit in subsidy.

Q Your annual costs, Mr. Secretary, your annual contributions, are the difference between the revenue that the local people get from the project and the costs of retiring bonds? The government makes up that difference through annual contributions?

SECRETARY WEAVER: No. There are two costs involved, of course. There are the costs of the operation of the project, management, repair, upkeep, etcetera. Then there are the costs of the retirement of the bonds and the interest on the bonds.

Annual contributions are used to retire and to pay the interest on the bonds.

Q For the entire retirement and interest of the bonds from the Federal Government?

SECRETARY WEAVER: Except sometimes there are residual receipts.

Q By and large, the receipts cover only the operating costs of the project?

MORE
SECRETARY WEAVER: That is right.

Q Will this, in effect, double the construction work, the brick and mortar construction work, that would have been done under this program; and when will that impact begin to be felt, from the contractors' point of view?

SECRETARY WEAVER: Within the next month and it will certainly achieve that purpose during the year. All of it will not be doubled construction, because in some instances the leasing program is utilized. But most of it is new construction or rehabilitation of existing units.

Q Can you give us a breakdown of the 70,000 units?

SECRETARY WEAVER: No, we don't know. I can tell you that the vast majority will be in new construction. Maybe 10 or 15 percent will be rehabilitation and about 10 percent leasing, roughly.

Q And the new construction will be mostly Turnkey?

SECRETARY WEAVER: Yes.

Q Mr. Secretary, can you tell us how long the regional commissioners have to sort out this program? Do they have a deadline?

SECRETARY WEAVER: We expect to get the information in within 30 days.

Q Will the various projects be announced locally or in Washington?

SECRETARY WEAVER: Locally.

Q You will then have to speed up your processing?

SECRETARY WEAVER: We have already done that. We did that before we announced the program, before we got our people in, so we would be prepared to meet the new program.

Q If an authority in the mid-West sends a new list to Chicago, theoretically they should be able to get approval right away; no time lag?

SECRETARY WEAVER: Nothing happens right away, but they should get it with a minimum of delay. Obviously, we are going to have to process real quickly in order to meet this goal.

Q Mr. Secretary, did the possibility of doing all this come to the President and then he suggested that you go ahead and do it, or did you just pick out of the air, "Let's see if you can double it"?

SECRETARY WEAVER: This evolved as we went along in this. The President has been pressing on this, as I said, over the last year. Each new step has come out of the others and each time he set a higher goal for us to meet. So far, we have been able to meet them.

THE PRESS: Thank you, sir.
tomorrow’s transportation
As was done when highway user taxes were imposed, we should provide that new aviation user taxes be deposited in and administered under the trust fund arrangement to serve the purposes for which levied and collected.

The administration has proposed a program predicated on user taxes for airport and airport development, but without airport land fund arrangements. That proposal is in legislative form and is scheduled for consideration in hearings beginning June 18 in the Commerce Committee's Aviation Subcommittee, under the chairmanship of the distinguished senior Senator from Ohio (Mr. Mansfield): That Subcommittee held hearings last fall on the airports and airways issues and programs and issued tentative recommendations that a system of user taxes and a trust fund arrangement be established by law as the core of a program for solution of the critical airports and airways situation.

I believe in the validity of the trust fund arrangement as proposed in the Administration's proposal.

The Administration's proposal is predicated on user taxes and would shift from Treasury general funds to the Administration's trust fund arrangement, as being limited essentially to aid for small economic development airports and terminal and access facilities within the United States and rapidly becoming inadequate to meet the present and future needs for civil aviation operations.

Congress also should declare that the Federal Government has a responsibility to plan, encourage, and assist airport development of a system of airports adequate to meet the present and future needs for civil aviation operations. Congress also should declare that the nation's most immediate major airport construction requirements will be met without any burden on the general taxpayer and without unduly burdening airline passengers. The provision in Sec. 3(b), for Federal contracts to pay a portion of local debt service costs is based on Sec. 10 of the U. S. Housing Act of 1937, as amended (48 U.S.C. 1410). The trust fund pattern is charted in part on the Highway Trust Fund. (See 23 U.S.C. 124, note.)

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. RANDOLPH. I yield.

Mr. LAUSCHE. Mr. President, will the Senator explain to the Senate the provisions of the measure introduced today, but include provisions also recommended by numerous other competent sources.

It is our feeling that the ideas for legislation embraced in this measure should be available to the Administration Subcommittee and the full Commerce Committee in the time of the hearings they merit consideration, as do the Administration proposals and numerous cogent and pertinent concepts espoused by the chairman and members of both the Subcommittee and the full committee.

I have confidence that there will emerge from the Subcommittee chaired by the distinguished senior Senator from Ohio (Mr. Mansfield) and the parent Commerce Committee, by the distinguished heads of the Administration (Mr. Shallenberger), by the distinguished senior Senators from Washington (Mr. Magnuson) and Ohio (Mr. Mansfield), a comprehensive legislative solution for the serious airports and airways system problems.

Mr. President, I ask unanimous consent to have printed in the RECORD, at point of the debate, an outline of the provisions of the proposed Federal Airport Development Act of 1968, introduced today.

There being no objection, the outline was ordered to be printed in the RECORD, as follows:

1. Establishes an Airport Development Trust Fund administered by the Secretary of Transportation.

2. Fund would be supported by special taxes of 2% on domestic passenger tickets and $2 per passenger in foreign air transportation at airports where the trust fund programs would function without general tax revenues, it does not preclude such appropriations.

3. Fund would be used:
   (a) primarily for Federal-aided construction; to 40 years in length by the Secretary of Transportation with local airport sponsors to pay up to 50% of the principal and interest of local airport bonds for airfields and terminal projects.
   (b) to guarantee the full amount of such local bonds; and/or,
   (c) to purchase local airport bonds for resale; and/or,
   (d) to make short-term loans for advance planning and land acquisition.

4. Funds would be available to:
   (a) all airports served by air carriers;
   (b) general aviation airports designated to relieve congestion at major airports;
   (c) contemplate continuation and extension of authorization of FAA program commitments for small economic development airports and for general aviation airports.

5. The revenues of $350 million a year could be realized in FY 1969 and would support issuance of $3,000,000,000 in local airport bonds the first year, if enacted promptly.

7. Congress each year, through appropriation acts covering FY 1969 and the four succeeding fiscal years, would authorize the Secretary of Transportation to make expenditures to meet the obligations incurred on Federal-aided contracts.

8. The provision in Sec. 3(b), for Federal contracts to pay a portion of local debt service costs is based on Sec. 10 of the U. S. Housing Act of 1937, as amended (48 U.S.C. 1410). The trust fund pattern is charted in part on the Highway Trust Fund. (See 23 U.S.C. 124, note.)
Mr. BROOKE. Mr. President, yesterday I introduced a bill to provide for national defense and postal service by disruptive and other dangerous devices, and for other purposes. I ask unanimous consent that there be printed in the Record.

S. 3643—INTRODUCTION OF BILL TO PROHIBIT THE SALE AND DELIVERY OF DESTRUCTIVE DEVICES, MACHINEGUNS, SHORT-BARRELED SHOTGUNS, AND SHORT-BARRELED RIFLES

Mr. BROOKE. Mr. President, yesterday I introduced a bill to provide for national defense and postal service by disruptive and other dangerous devices, and for other purposes. I ask unanimous consent that there be printed in the Record.

Section 1. Title 18, United States Code, is amended to read as follows:

"(4) to any person any destructive device, machinegun (as defined in section 5848 of the Internal Revenue Code of 1954), short-barreled shotgun, and short-barreled rifle.

Section 2. The bill (S. 3643) to amend title 18, United States Code, is amended to read as follows:

"(4) to any person any destructive device, machinegun (as defined in section 5848 of the Internal Revenue Code of 1954), short-barreled shotgun, and short-barreled rifle.

Section 3. The amendments made by this Act shall become effective 90 days after the date of its enactment.

S. 3645—INTRODUCTION OF BILL TO PROVIDE FINANCIAL ASSISTANCE AS THE AIRPORT DEVELOPMENT ACT OF 1968—NOTICE OF HEARINGS

Mr. HUBERT H. HUMPHREY, for himself and Mr. HART, introduces, by request and for appropriate reference, a bill to authorize the Secretary of Transportation to plan and provide financial assistance for airport development and other purposes.

The bill (S. 3645) to authorize the Secretary of Transportation to plan and provide financial assistance for airport development and other purposes, was received, read twice by its title, and referred to the Committee on Commerce.

The PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill, as printed in the Record.

S. 3643—INTRODUCTION OF BILL TO PROVIDE ADDITIONAL FINANCIAL ASSISTANCE FOR DEVELOPMENT OF AIRPORTS WHICH ARE POTENTIALLY VIABLE BUT FOR WHICH LOANS IN THE PRIVATE MARKET CANNOT BE OBTAINED ON REASONABLE TERMS

The bill (S. 3643) to amend title 18, United States Code, is amended to read as follows:

"(4) to any person any destructive device, machinegun (as defined in section 5848 of the Internal Revenue Code of 1954), short-barreled shotgun, and short-barreled rifle.

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The bill (S. 3645) to authorize the Secretary of Transportation to plan and provide financial assistance for airport development and other purposes, was received, read twice by its title, and referred to the Committee on Commerce.

The letter and section-by-section analysis, as prepared by Mr. MOSKOWITZ, are as follows:

THE SECRETARY OF TRANSPORTATION

HON. HUBERT H. HUMPHREY, President of the Senate, Washington, D.C.

Mr. President: There is transmitted herewith a proposed bill "To authorize the Secretary of Transportation to plan and provide financial assistance for airport development and other purposes," introduced by Mr. MOSKOWITZ, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The same situation now exists with respect to airports. Our airports are inadequate and antiquated, and we need a very dynamic program; and I believe the users should pay the major portion of it.

Mr. RANDOLPH. I am gratified to have the co-sponsorship of the Senator from Ohio.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill, as printed in the Record, will be printed in the Record.

The bill (S. 3643) to amend title 18, United States Code, is amended to read as follows:

"(4) to any person any destructive device, machinegun (as defined in section 5848 of the Internal Revenue Code of 1954), short-barreled shotgun, and short-barreled rifle.

Section 2. The bill (S. 3643) to amend title 18, United States Code, is amended to read as follows:

"(4) to any person any destructive device, machinegun (as defined in section 5848 of the Internal Revenue Code of 1954), short-barreled shotgun, and short-barreled rifle.

Section 3. The amendments made by this Act shall become effective 90 days after the date of its enactment.
unsubsidized airlines are capable as a regu­

lated industry, of bearing the full costs of their operations. Today, less than 2 per­
cent of the expenses of the scheduled airlines are attributable to airport landing fees.

Very few general aviation airports charge any landing fee at all. The impact of a mod­

erate fee sufficient to develop and support these airports would be negligible in most cases.

A reasonable system of charges should pro­

vide communities sufficient revenues to at­

tract private funding or needed airport de­

velopment. There are, however, special cases where Federal financial assistance must be continued and the proposed bill would do that.

The Bureau of the Budget has advised that enactment of this proposed legislation would be in accord with the President's program.

Sincerely,

ALAN B. BOYD,

SECTION-­BY-­SECTION ANALYSIS OF A BILL TO AUTHORIZE THE DEPARTMENT OF TRANSPORTATION TO PLAN AND PROVIDE FINANCIAL ASSISTANCE FOR AIRPORT DEVELOPMENT, AND OTHER PURPOSES

Section 1. Short Title. This section cites the Act as the “Airport Development Act of 1968.”

Section 2. Declaration of Purpose. This section sets forth the finding of Congress that, while most airport development can be accomplished through private financing, there would be no airport development where Federal financial assistance must be continued and the proposed bill would do that.

The need for a new Federal airport as­

sistance program is unquestioned and is amply documented not only by the Sec­

tary's letter, but also by the interim report issued by the Aviation Subcommittee of the Committee on Commerce. I introduce this bill, it can be considered, along with other proposals for airport development dur­
ing the hearings I have scheduled for Tuesday, June 18.

S. 3648—INTRODUCTION OF BILL TO AUTHORIZE THE PAYMENT OF EXPENSES OF TRANSPORTING DEPENDENTS OF EMPLOYEES WHO DIED WHILE PERFORMING OFFICIAL DUTIES IN ALASKA OR HAWAII TO THEIR FORMER HOMES

Mr. Gruening. Mr. President, I intro­

duce, for appropriate reference, a bill to authorize the payment of the expenses of preparing and transporting to his home or place of interment the remains of a Federal employee who died while performing official duties in Alaska or Hawaii, and for other purposes.

Mr. President, I am pleased at the request of the Secretary of Transportation. The Secretary has indicated in his request to the President that the Senate bill up until the time that Alaska and Hawaii became States, the act of July 15, 1954—

now codified in Title 5 of the United States Code at section 5742—authorized payment of the expenses of preparing and transporting to his former home or place of interment the remains of a Federal employee who died while performing official duties in Alaska or Hawaii.

However, the change in political status could not change and which pose

authority, because the authorizing pro­

visions contained the geographical de­
scription of “a Territory or possession of the United States,” and, therefore, ex­

cluded Alaska and Hawaii when they became States. The purpose of this proposed legislation is to restore applicability to employees dying in those two States.

The letter, presented by Mr. Gruening, is as follows:

The bill (S. 3648) to authorize the payment of the expenses of preparing and transporting to his home or place of interment the remains of a Federal employee who died while performing official duties in Alaska or Hawaii, and for other purposes introduced by Mr. Gruening, was recommitted to the Committee on Government Operations. The letter, presented by Mr. Gruening, is as follows:

The bill (S. 3648) to authorize the payment of the expenses of preparing and transporting to his home or place of interment the remains of a Federal employee who died while performing official duties in Alaska or Hawaii, and for other purposes introduced by Mr. Gruening, was recommitted to the Committee on Government Operations. The letter, presented by Mr. Gruening, is as follows:

This authority was not affected by the 1940 Act by section 7(b) of the Act of July 15, 1954. This authority was not affected by the 1940 Act by section 7(b) of the Act of July 15, 1954.

The President: The bill.

The PRESIDING OFFICER. The bill.

Mr. President, I introduce, for appropriate reference, a bill to authorize the payment of the expenses of preparing and transporting to his home or place of interment the remains of a Federal employee who died while performing official duties in Alaska or Hawaii, and for other purposes.

The purpose of this proposal is to restore ap­

The authority to pay a third category of expenses, transportation of the remains of dependents of employees stationed in Alaska and Hawaii to their home or place of interment, was added to the 1940 Act by section 7(b) of the Act of July 15, 1954. However, when Alaska and Hawaii became States, the act of July 15, 1954, now codified in Title 5 of the United States Code at section 5742—authorized payment of the expenses of preparing and transporting to his former home or place of interment the remains of a Federal employee who died while performing official duties in Alaska or Hawaii.

However, the change in political status could not change and which pose

S 7152 CONGRESSIONAL RECORD—SENATE June 13, 1968
chairman, contends the latest report issued by the Department of Agriculture shows our farmers sinking further into the economic quicksand with each passing year. The April farm income situation, as published by the Economic Research Service of the Department shows specifically farm production expenses on the increase. In fact, the report indicates that farm production expenses this year may run up to $1.5 billion higher than last year’s Agriculture Department estimate. This only reflects the effect of increasing inflation on the American farmer.

PER ACRE STATISTICS ALARMING

The task force was particularly alarmed at the rise in capital expenditures, taxes and interest payments as calculated by the Department of Agriculture per acre. Capital expenses, including farm buildings, vehicles and other equipment, have risen 35 percent since 1960, according to the report. This same situation report shows that taxes payable per acre also rose 110 percent during the same period. Compared with increases of the much smaller 5.7 percent increase in the per acre index on prices received for all commodities as reported in USDA’s agriculture statistics publication, and you can readily understand why our farmers feel the ever-increasing pressures of the current pinch. There is a limit to how much a farmer can squeeze out of an acre of land in income, but there seems to be no limit on where his per-acre expenses can go under current administration polices.

It is evident that the problems developed during the past 7 years in Washington need a transfiguration of new ideas that will be responsive to the economic needs of our farmers and rural America. We must not forget these policies led to a drop of $1.9 billion in realized net farm income this past year and threatens to perpetuate the condition.

We need a change in Washington that will find the immediate reversal of these deplorable conditions. We need a leader who will be less than candid to suggest any other than to go out on a limb and solve the problem by changing the leadership that has brought rural America so far down the road to ruin.

LOTS OF LUCK

(Chairman LANGLEY asked and was given permission to extend his remarks at this point in the Record to include extraneous matter.)

(Chairman MARSHALL, Mr. Speaker, on May 22—National Maritime Day, 1968— the distinguished chairman of our Commerce Committee, the Merchant Marine, and Fisheries, wrote to the President pointing out the needs of the American maritime industry and concluded by stating, "As President of the United States, I could not neglect a positive suit, but the Merchant Marine has felt for so many years.

To the gentleman from Maryland, I say, "Let us hope that we can, on a similar occasion—National Maritime Day, 1968—address an open letter to the President, expressing a similar alarm over the deterioration of our maritime position and suggesting certain areas for immediate action. Unfortu-
June 4, 1968

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nately, my expression of concern apparently fell upon deaf ears. For the sake of the American Merchant Marine, I only hope my colleagues fared better than I.

The full text of my open letter to L. B. J. on Maritime Day, 1966 and the letter of the chairman of our Merchant Marine and Fisheries Committee to the President follow:

COMMITTEE ON MERCHANT MARINE AND FISHERIES

WASHINGTON, D.C. May 23, 1968.

The President of the United States.

Washington, D.C.

Dear Mr. President:

Only as a last resort do I write you, knowing full well your preoccupation with many vital matters of national concern. Few can appreciate more than you the responsibilities of the Congress in effectuating and/or initiating programs and policies of our government. Certainly, I cannot add to your knowledge anything on the essential need of creating a re-creative spirit and attitude and relationship between the White House and Congress.

In recent days, I personally, as Chairman of the House Committees on Merchant Marine and Fisheries, and my colleagues, have been treated to a rare indulgence which collectively we recognize, I believe, to have been most unusual and unique.

On March 29, 1968, our Committee convened hearings on legislation to formulate and implement a modernized merchant marine in light of its vast and ever-growing economic role. The Secretary of Commerce, Mr. William David apologizes, for Transportation, the Secretary of Transportation who has been denied custody of that report, to the effect that if the Administration does not take action, the American Merchant Marine will disappear from the world stage within the decade. The report recommends a 34-fold increase in the nation's merchant marine to meet the economic and national defense needs of the nation.

In this regard from the public press on May 9, we had hoped that the new maritime policy which you promised in your State of the Union Message in January 1968 would resolve this conflict. However, more than sixteen months have now elapsed, and we still have no new maritime policy. Instead, we have two additional and conflicting reports on what should be done. We have received also a bill to create a new Department of Transportation, in which the Maritime Administration will be submerged much in the same manner it now is within the Department of Commerce. None of these events has served to shake the conflict. Rather they seem to be serving to increase its severity, raising further doubt over the role of the government in maritime affairs and the future course of the American Merchant Marine.

Mr. President, this current confusion is simply a manifestation of my worst fears entertained in 1961 when the Maritime Administration was first created. In 1967, which will allow the construction of replacement program today is more than 90 percent and effective national asset, we must come to grips with its problems without further delay.

Let us not, therefore, delude ourselves any longer. I know there is no man today who can remedy the current state of confusion and government's role in maritime affairs. That one man is the President of the United States. For no matter how profound a personal concern over the ever-deepening crisis developing in the American Merchant Marine, I unfortunately find little assurance that you, Mr. President, can bring some semblance of order out of this chaos.

The Deputy Maritime Administrator, in whose department the Maritime Administration is located, has given us a general statement illustrating the various groups which have appeared before Congressional Committees, in support of legislation to provide the necessary funds for the implementation of the report of the Maritime Administrator. He also indicated that, because of the present attitude of the Senate Commerce Committee, the Secretary of Commerce, various members of the Department of Defense, and yes, even the Secretary of Defense himself, I stand before you tonight feeling like a 19th Century Paul Revere whose cries of alarm have fallen upon deaf ears.

We are all realists who maintain that our merchant marine program is largely contingent upon the scope of Federal appropriations thereafter. While we are in the midst of a prolonged and basic hearing on this vital subject, we have been warned of the Administration's thinking on the status of its budget requests. I am not about to request that these be included in the form of an open letter to the President of the United States.

"Dear Mr. President: It seems appropriate that, since you have set aside this day, May 23, 1966, for the 34th annual celebration of National Maritime Day, I should address you on this occasion, expressing my sincere and profound personal concern over the deeper crisis developing in the American Merchant Marine. Since it is my personal belief as a private citizen and merchant seaman, and as a member of Congress that, because of the present attitude of the government, the American merchant marine today is being steered toward a course to disaster. If we hope to prevent this, I am asking the American merchant marine as a useful national defense asset, we must come to grips with its problems without further delay.

Conditions have been allowed to deteriorate to the extent that now, Mr. President, you and alone can rescue the American Merchant Marine from the arena of endless academic debate. I urge you to proceed with patient and at least five years of extensive study of the life of the American Merchant Marine by various groups sponsored by the Executive. Each group has published its respective recommendations. None have been disposed of, either through Congressional or Administrative action. To me this seems to be the only course, and such study would be the only way to provide additional material for debate over alternative courses of action which may be taken to revitalize the industry. With more than 80% of our present merchant fleet reaching the end of its working life within the next five years, we can no longer afford to turn our eyes from this industry and our most unprofitable course.

We had hoped that the "new" maritime policy which you promised in your State of the Union Message in January 1968 would resolve this conflict. However, more than sixteen months have now elapsed, and we still have no new maritime policy. Instead, we have two additional and conflicting reports on what should be done. We have received also a bill to create a new Department of Transportation, in which the Maritime Administration will be submerged much in the same manner it now is within the Department of Commerce. None of these events has served to shake the conflict. Rather they seem to be serving to increase its severity, raising further doubt over the role of the government in maritime affairs and the future course of the American Merchant Marine.

Please excuse my rambling. I believe you will find upon examination of the report that the allocation of our national resources to interstate commerce does not vary. Even with last year's inadequate federal budget for ship construction, this year's request represents a substantial reduction, a cut of about one-third in both dollars and numbers of ships. It is one-half the amount of federal funds required for ship construction in 1961 at a time when the total federal budget was only about 60% of that being requested.

February 26, 1968.

An Open Letter to L. B. J. On Maritime Day

For more than a year now, I have been prodding agencies of the Executive, attempting to correct many systematic, political, and policy errors that make it impossible to delay much longer initiating measures to rectify the manifold things wrong with our maritime industry.

We invited the Secretary of Commerce, in whose department the Maritime Administration operates, to appear. In response, I was advised that all transportation functions were placed by you in charge of the Secretary of Transportation. This, in spite of the fact that the Congress in the approving the creation of the Department of Transportation, specifically excluded from that department transportation functions.

Moreover, this year the House agreed to establish an Inexpedient Maritime Admin­istration outside of any specific established government department.

We have endured patiently at least five attempts, this fall 1961 and last, and in 1967, which will allow the construction of only about 60% of that being requested. In my first letter to you, I stated that if you did not act, we would seek a new Maritime Administration. The Department of Commerce, in a word, we bankrupted there is no inanimate object, but we must get on with a realistic ship construction program.

In your proclamation setting aside this day as National Maritime Day, you stated that "...the great age of seafaring and adventure is not inanimate solution, but we must get on with a realistic ship construction program."

In your proclamation setting aside this day as National Maritime Day, you stated that "...the great age of seafaring and adventure is not necessarily an inanimate solution, but we must get on with a realistic ship construction program."

"I believe you will find upon examination of the report that the allocation of our national resources to interstate commerce does not vary. Even with last year's inadequate federal budget for ship construction, this year's request represents a substantial reduction, a cut of about one-third in both dollars and numbers of ships. It is one-half the amount of federal funds required for ship construction in 1961 at a time when the total federal budget was only about 60% of that being requested.
TO: MR. LON WOODBURY
FROM: ERNEST J. CORRADO, LEGISLATIVE ASSISTANT, AMERICAN MERCHANT MARINE INSTITUTE, INC.
SUBJECT: REASONS FOR MR. NIXON'S SUPPORT OF A POSITIVE AND CREATIVE MARITIME POLICY AND PROGRAM

I. Because such a policy and program are in the national interest

A. Our merchant fleet is declining both in quality and quantity.

1. We have declined from first to sixth place in fleet size, and from first to sixteenth in ship-building output.

2. Of the 965 (as against 1300 fifteen years ago) privately-owned vessels in the fleet today, 682, or about 70%, are 20 years old or older. Even the subsidized operators currently have 158 vessels, or 49% of their fleet in the over-age category.

3. On the other hand, 80% of the ships in the Russian fleet are less than 10 years of age.

4. Russia will become a dominant maritime power by 1970. She is producing approximately 125 ships per year or one million deadweight tons. By the end of 1970 she will have a fleet of some 15 million deadweight tons.

5. Russia had 556 large merchant vessels under construction in 1966 totaling 4.5 million deadweight tons.

6. In 1965 she spent over $600 million for construction of merchant ships while the United States spent under $150 million.

7. Deliveries of new ships are running about 8 to 1 in Russia's favor. Ships under construction are running 11 to 1 in tonnage.
8. Over the past 16 year period Russia gained approximately 1,000 in total number of ships, while the United States decreased by 900 ships.

9. She transports 75 percent of her own foreign commerce in Russian bottoms while the United States carries only 5.7 percent in U.S. flag merchant ships.

10. The Russian shipbuilding program expends between $600 million to $700 million annually against approximately $100 million in the United States.

11. The real danger in this Russian fleet build-up will be their capacity to disrupt and control international trade.

B. In spite of its deterioration, the American-flag merchant fleet contributes significantly to the nation's commerce and is the fourth arm of defense.

1. The private fleet's value to the military and its performance in World Wars I and II, Korea, and Vietnam are well known.

2. Despite the statements of Secretary of Defense McNamara in 1962 to the effect that almost all military personnel would be in the future transported by air, the merchant fleet with its overage ships has carried approximately 65% of the military personnel and 96% of the materiel to Vietnam.

3. The American-flag merchant fleet contributes approximately $900 million annually toward the improvement of our national balance-of-payments account.

4. This impressive contribution is amassed on the carriage of only about 5.7% of our trade in American bottoms.

5. If the American-flag fleet were to carry about 30% of our foreign trade there would not be any balance-of-payments problem.

II. There is great potential political benefit to be gained from such support.

A. The large number of voters involved.
1. The SIU (AFL-CIO Maritime Trade Department) has a six million man membership.


3. Numerous other unionized employees connected with supplying components to ships such as the steel workers, the iron workers and the electricians.

4. The large numbers of employees connected with the management side of the maritime industry.

B. Considerable industry political activity on Capitol Hill and elsewhere.

1. Paul Hall's Maritime Trades Department is a powerful lobby. Apparently they delivered the deciding vote to break the Senate filibuster on P.L. 90-284, the Civil Rights Act.

2. These unions mentioned above make heavy political contributions.

III. The maritime industry is particularly susceptible at this time to a change.

1. The Administration promised a new maritime program in the 1965 State of the Union Message.

2. For three years the Administration reneged on this promise.

3. The antagonism between the industry and Secretary of Transportation Boyd.

4. The Administration's long-awaited Maritime Program presented by Secretary Boyd on May 20, 1968, which is completely unacceptable to the industry.

5. Congressman Gerald Ford's suggestion at a Maritime Trades Department luncheon in December 1967 to the effect that if the Republicans win in November 1968 the maritime industry can expect better things.
6. Congressman Pelly's (R-Calif.) recent statement that the Republican Platform would have a plank devoted to an improved maritime policy and program.

7. The Democrats are particularly vulnerable on this issue.

8. It is inconceivable that the Government, in the last analysis, will allow the American merchant fleet to disappear. Thus, Mr. Nixon may as well get the credit for its salvation.