

Richard Nixon Presidential Library
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Folder List

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17	10	10/22/1968	Memo	Memo from Ken Khachigian to Key Issues Committee concerning housing. 5 pgs.
17	10	05/29/1968	Report	The Relocation and Assistance Act of 1968 in the Congressional Record- House. 2 pgs.
17	10	12/11/1967	Report	A Plan for Urban Home Ownership from the Republican Coordinating Committee. 2 pgs.
17	10	05/24/1968	Report	Housing and Urban Development Act of 1968 in the Congressional Record-Senate. 19 pgs.
17	10	07/01/1968	Report	The Omnibus Housing Bill Contains Many Proposals Sponsored by the Minority in the Congressional Record-House. 3 pgs.
17	10	04/05/1968	Newsletter	Here's the Issue Volume 7, Number 6. The Housing and Urban Development Act. 6 pgs.

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17	10	n.d.	Report	Differences Between Rent Certificate Program (GOP) and Rent Supplemental Program (Dem.). 1 pg.
17	10	09/23/1968	Memo	Memo from Casey Ireland, Minority Staff Member, to William Widnall. RE: Presidential Instructions to HUD to More Than Double Production of Low Income (Public Housing) Units. 4 pgs.
17	10	09/12/1967	Report	Press conference transcript of Robert Weaver, Secretary, Housing and Urban Development and Joseph Califano, Assistant to the President. 7 pgs.
17	10	1968	Book	Tomorrow's Transportation. Department of Housing and Urban Development. 100 pgs. Only cover scanned.
17	10	06/13/1968	Report	Airport Development Act of 1968 in the Congressional Record- Senate. 3 pgs.
17	10	06/04/1968	Report	Lots of Luck in the Congressional Record-House. 2 pgs.
17	10	06/04/1968	Memo	Memo from Ernest Corrado, American Merchant Marine Institute to Lon Woodbury. Subject: Reasons for Mr. Nixon's Support of Positive and Creative Maritime Policy and Program. 4 pgs.

TO: KEY ISSUES COMMITTEE -- ATTENTION JERRY FRIEDHEIM AND CHUCK COLSON
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 ACRES, 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,

THE CONTINUED DETERIORATION OF AMERICAN CITIES, THE ENTRAPMENT OF DISADVANTAGED AMERICANS IN UGLY GHETTOS AND THE CIVIL DISORDERS OF RECENT YEARS UNDERSCORE THE FAILURE OF THE OLD WAYS. THE JOHNSON-HUMPHREY ADMINISTRATION HAS MADE PROMISES WHICH HAVE NOT--AND IN MANY CASES COULD NOT--BE KEPT. MY ADMINISTRATION WILL END THE GAP BETWEEN PROMISE AND PERFORMANCE.

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 THE BLIGHTED 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 A MANDATE FROM MY ADMINISTRATION TO ACHIEVE THIS GOAL.

SECOND, MY ADMINISTRATION WILL ACT TO IMPROVE COMMUNICATION AND UNDERSTANDING BETWEEN THE PRIVATE HOMEBUILDING INDUSTRY AND HUD. INCENTIVE-DESTROYING RED TAPE AND THE PRESENT BUREAUCRATIC OBSESSION FOR MAKING EVERY DECISION AT THE FEDERAL LEVEL WILL BE ELIMINATED. LOCAL ADMINISTRATORS WILL IN FULL ADMINISTER THE HOUSING PROGRAMS.

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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. MOREOVER, 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 CITIES. 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 FAR GREATER BENEFIT TO THE POOR THAN A MERE ROOF AND FOUR WALLS. HOMEOWNERSHIP CAN BE A SOURCE OF PRIDE AND STABILITY, INFLUENCES THAT WILL EXTEND TO THE HOMEOWNER'S JOB AND FAMILY LIFE." YET, AMONG NON-WHITES, ONLY 38 PERCENT OF ALL HOUSING UNITS ARE OWNER-OCCUPIED 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 RENEWAL IS ESTIMATED TO BE FOUR TIMES GREATER THAN THE NUMBER CREATED. FEDERAL CONSTRUCTION PROGRAMS DISPLACE ABOUT 73,000 FAMILIES AND INDIVIDUALS PER YEAR, AND YET, IN URBAN AREAS, 14 PERCENT OF ALL HOUSING UNITS ARE STILL CONSIDERED SUBSTANDARD. AN ESTIMATED TWO-THIRDS OF THOSE DISPLACED BY URBAN RENEWAL PROJECTS ARE MINORITY GROUPS FOR WHOM THE PROBLEM OF RELOCATION IS OFTEN MOST DIFFICULT.

PUBLIC HOUSING BY ITSELF IS NOT AN EFFECTIVE ANSWER TO THE MASSIVE 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. MOREOVER, PUBLIC HOUSING ONLY UPGRADES THE MATERIAL SURROUNDINGS WITHOUT GIVING ITS RESIDENTS THE SAME SENSE OF RESPONSIBILITY WHICH COMES FROM PRIVATE HOMEOWNERSHIP. ONE EXPERT HAS SAID: "DURING THE LAST THIRTY-ODD YEARS THAT THE ACTION HAS

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."

ONE 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 WHOSE 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 ADVANTAGES 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 HAS STATED: "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 HOMESTEAD. THEY ACQUIRED PRIVATE PROPERTY--THEY IMPROVED THE PROPERTY--THEY BUILT THEIR OWN COMMUNITIES--DEVELOPED THEIR OWN COMMUNITY FACILITIES, SCHOOLS, HOSPITALS--AND AS PRIVATE HOMEOWNERS, THEY JOINED THE MAINSTREAM OF THE GREAT AMERICAN PRIVATE ECONOMIC SYSTEM. I SAY THAT NOW--113 YEARS LATER--WE MUST DO THE SAME IN THE CENTERS OF AMERICAN CITIES. WE MUST PROVIDE "HOMESTEADS" FOR THOSE AMERICAN 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 REESTABLISH 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 EMBODIED IN "HIGH-RISE HOMES" CAN GO FAR TOWARD HELPING US ACHIEVE THAT END.

END

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JGT WASH

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 EN 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 ALONE IN NEW LEGISLATION BUT IN THE MORE PRODUCTIVE USE OF THE LEGISLATION WE NOW HAVE.

ON THE WHOLE, THE STATEMENT IS A FIRST RATE JOB.

END.P

So at least it was with Louis Clifford who from 1943 until his death Saturday at 61 was city editor of The Press.

As one who often expressed admiration for such a flamboyant performer as the old Cleveland News, a man who boisterously scolded his staff, Louie was unflinching quiet and considerate, even when pressures were most intense.

Speaking in 1961 at the Indiana University Press Institute seminar, Louie paid his respects to Bergener in these words:

"I was on the police and the criminal courts beats most of my four years of apprenticeship under Mr. Bergener. He was a cussing, shouting, reporter-insulting, hard-boiled individual for whom despite his cussedness, I bore a tremendous amount of admiration and even a trace of affection."

It was not often that Louie revealed as much as that about himself, so it is worth noting that he was almost the exact opposite of his mentor. And after four years of such driving, in spite of the nostalgia he expressed more than three decades later, he came to The Press for his career.

Very few of today's editorial staff at The Press have any recollection of Louie as a beat reporter or rewrite man. Those who do say he performed in these fundamentals with great skill and discrimination. He covered both police and courts during the exciting lawlessness of prohibition.

When he talked at Indiana University, he spoke highly of the competitive days when The Press and the old News were eyeball to eyeball every edition every day. Such competition, he said, sharpened the staff and its product by the hour.

But he also said:

"For the tremendous improvement in newspapers in the last 25 years I credit largely two factors: The planning, preparation and thinking ahead that go into the daily edition output, and the wide broadening of the base of coverage."

Louie had a great deal to do with the development of a more responsive and responsible press. His contributions to modern journalism have been widely recognized.

Early in his city desk career he was a speaker at the American Press Institute at Columbia University on the training of staff. He returned later to lead a three-week seminar on municipal affairs.

For all his intense interest in the affairs of Cleveland, he made only infrequent and highly selective public appearances. But quietly he accepted civic responsibility, devoting his own time and attention.

He was a member of the Euclid Charter Commission, which a few years back revamped and notably stabilized the government of that city. He was a member for several years of the Euclid-Glenville Hospital Board, during its time of greatest expansion.

Louie also was a sentimentalist. On a vacation five years ago, Louie came upon Rev. Fr. Albert Schmidt in his poverty parish of 6000 hill people at Ponce, Puerto Rico. Louie wrote a fistful of stories, raising substantial sums for the people.

Born in Wabash, Ill., Louie lived most of his life in this community. In 1924 he graduated from Cathedral Latin High School and entered immediately upon his newspaper career. The family home is 22561 Edgecliff Dr. Euclid.

He was named 1965 Man of the Year by Cathedral Latin Alumni Assn., receiving a scroll that called attention to his devotion to church, family and The Press.

His surviving family are his wife Pat and three children, Dr. John E., professor and head of drama at Bradley University, Peoria, Ill.; Mrs. Eugene (Donna) O'Donnell, Euclid, and Thomas S., a teacher of physics at the Grosse Pointe, Mich., High School. There are 8 grandchildren. A brother, Roland, also survives.

Two weeks ago Louie received from doctors the sad news that he had inoperable heart disease. On Dec. 13 he had lost his brother Robert, also a Press veteran, to heart disease, and the word about himself shook him up.

But he returned to work at the city desk, to make up his mind what to do. The alternatives were varied. 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 permission to extend her remarks at this point in the Record and to include extraneous matter.)

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 enforcement is essentially a local problem and must be dealt with locally. However, when lawlessness reaches into every section of the country, then it becomes a national problem. Congress must heed the cry of all our citizens by enacting an effective anticrime program.

It is for this reason that I view as particularly unfortunate 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 by my colleagues, because it has been rumored in the press that such a move would have killed this much-needed legislation. However, I had hoped the House would have agreed to an immediate discussion of the Senate amendments and final action before the Memorial Day recess.

An article in the New York Times of today, May 29, 1968, reemphasized the immediate need for this legislation by relating that the increase of crime in April in New York City alone was 27 percent, as reported by the New York City Police Department and the Federal Bureau of Investigation.

The substance of the Omnibus Crime Control and Safe Streets Act of 1968 is long overdue. Although legislation is not always perfect, this does not give any one Congressman or any one committee the right to delay or to sacrifice legislation because of possible objectionable features. Disregard of the will of the people and of this body's previous actions is, to me, unacceptable.

I have long been a devoted and active supporter of civil rights for all persons, all minorities, and all groups. Support for civil rights has been and is my position. I think, however, that in our zeal 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 ringed with ironclad legal protections while the rights of the upright, the honest, 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. But for anyone to arrogantly state that the entire legislative package will be sacrificed is, to me, unacceptable.

I have stood in the well of the House on many occasions to support this bill and other measures to provide a greater degree of security to our citizens and the means of providing such security. I believe that I speak for my constituents when I say that I do not want to see all of our work go for naught.

I have studied the Senate amendments to the safe streets bill, I 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 frustration of the will of this House on the basis of one's own personal constitutional views. Such action by those who oppose the Senate amendments are 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 the bill, including, first, funds to State and local governments for a variety of training, study, and other programs for the improvement and strengthening of law enforcement at the local and State levels; second, Federal control of wire-tapping; and third, firearms control.

I think it foolhardy for this body not to act merely because of the intransigence of those who oppose certain amendments enacted by the other body. Therefore, I urge the House Judiciary Committee to ponder anew the seriousness of the crime situation in this country and to expedite House debate and action on this bill, so that the people of this country can be reassured that we are interested in their safety and security.

THE RELOCATION AND ASSISTANCE ACT OF 1968

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

Mr. RYAN. Mr. Speaker, I have introduced H.R. 16953, the Relocation Assistance Act of 1968, in order to assist thousands of Americans who are displaced every year from their homes and places of business as a result of construction facilitated by Federal programs. These programs include urban renewal and other housing programs, highway construction, university expansion, hospital

construction, Federal facilities such as post offices, and a host of other programs. Only under the urban renewal program are Federal funds provided for relocation payments, and these are rarely adequate.

In previous years I have introduced legislation to improve the relocation benefits under urban renewal standards and to require that construction may not begin until adequate relocation has been provided—H.R. 1225, H.R. 1226, H.R. 1227.

I have also introduced legislation to provide that recipients of loans or grants for construction under the Higher Education Facilities Act of 1963—H.R. 1248—or for hospital construction under the Public Health Service Act—H.R. 1246, H.R. 1247—be required to satisfy the Federal Government that relocation benefits, similar to those available under the Housing Act of 1949, be provided.

H.R. 16953 would establish a uniform Federal relocation policy to be administered by a central Relocation Assistance Bureau, located in the Department of Housing and Urban Development. The basic standard of payment would be that which is now provided for persons and business displaced by urban renewal action in section 114 of the Housing Act of 1949, amended as follows: the ceiling on compensated moving expenses would be removed; tenants would be paid the difference between former rentals and the rental in new comparable housing for 1 year; in the case of businesses, certain losses of profit and goodwill would be covered; businessmen who could not find suitable relocation sites would be compensated for the fair market value of their trade.

Payments would be made directly to the relocatees by the Bureau of Relocation Assistance.

My bill also provides that no Federal agency shall approve an application for loan or grant assistance, nor undertake direct construction without first identifying persons to be relocated, informing them of their rights, and providing the Director of the Relocation Assistance Bureau with information sufficient to permit the computation of relocation benefits. All Federal grants, direct loan and direct construction programs are covered.

H.R. 16953 charges the Director of Relocation Assistance with the responsibility of keeping a current file on all Federal assistance and construction programs and the need for relocation assistance. It also requires that he take actions to insure that individuals and businessmen displaced as a result of federally aided activities be fully informed of their rights and given assistance in relocating. He is further required to coordinate his activities with other Federal agencies.

This bill will finally provide a uniform, consistent Federal relocation policy, regardless of the program. It will insure that federally aided construction and acquisition will proceed with a minimum of injury and dislocation to citizens.

I urge that hearings be held by the Committee on Banking and Currency, so that we may act on this important legislation as soon as possible.

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 and 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 our national game has now become the monopolistic province of a few profit-hungry, selfish men.

I am referring particularly to the Monday decision by National League clubowners in which two additional cities, San Diego in California and Montreal in Canada, were added in the latest of several league expansion moves.

I have no prejudice against either of the two cities, though it is interesting to note that one of them, San Diego, is in an area already supporting two other major league clubs, while Montreal is not only outside the boundaries of this country and has not supported professional baseball of any sort in almost 8 years.

On the other hand, the Dallas-Fort Worth area is the 12th largest radio-TV market in the Nation and is a big league area as shown by its support of the Dallas Cowboys in professional football, two major golf tournaments, and many other top sporting events. In the Texas League today the Dallas-Fort Worth Spurs are consistently among the leaders in attendance records, though Dallas and Fort Worth would prefer to attend the big league contests they deserve.

In times past, baseball owners have met all charges of monopoly by protesting that they are operating a sport and not a business and that their prime motive is to expand only into those areas where fans would be given an opportunity to attend a sport they cannot easily see.

Under this ruling, the National League's decision does not hold water. Not only is a vast and untapped market in Dallas-Fort Worth still without major league baseball, but the adverse decision is to benefit only one man—Houston's Judge Roy Hofheinz—who makes little effort to cover his fear that a club in Dallas would cut into his badly needed Astrodome revenue.

Baseball can exist only as it pleases a sports-loving public, not because it is a producer of revenue for an overextended promoter.

I do not believe it is the intention of Congress to promote or to protect such individuals and I feel it high time for this Government to break up its partnership with them.

These recent actions raise anew the question of monopolistic practices among big league owners and I shall ask the House Judiciary Committee to reopen its studies of this question. It is long overdue.

(Mr. OTTINGER asked and was given permission to extend his remarks at

this point in the RECORD and to include extraneous matter.)

[Mr. OTTINGER'S remarks will appear hereafter in the Extensions of Remarks.]

PRESIDENT JOHN FITZGERALD KENNEDY SLIEVE COLETTE (MOUNTAIN OF THE WOODS) DEDICATED TODAY BY PRESIDENT EAMON DEVALERA OF IRELAND AT KENNEDY ANCESTRAL HOME IN DUNGANSTOWN, COUNTY WEXFORD, ON 51ST BIRTHDAY OF LATE PRESIDENT

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

Mr. BOLAND. Mr. Speaker, I would like to call to the attention of my colleagues that at this moment on a beautiful green hillside in County Wexford, Ireland, President Eamon DeValera is dedicating a national forest and arboretum in memory of a former Member of this House and the late President of the United States, President John Fitzgerald Kennedy, on the anniversary of his 51st birthday, May 29, 1917.

Mrs. Eunice Kennedy Shriver, sister of the late President and wife of U.S. Ambassador to France Sargent Shriver, and Mrs. Joan Kennedy, wife of Senator Edward M. Kennedy, of Massachusetts, are representing the Kennedy family and planting trees on the site during ceremonies dedicating the President John Fitzgerald Kennedy Slieve Colette—Mountain of the Woods—comprising 450 acres overlooking the Kennedy ancestral farmhouse in Dunganstown, County Wexford.

President DeValera and Prime Minister Jack Lynch were hosts at a reception for Mrs. Shriver and Mrs. Kennedy in St. Patrick's Hall, Dublin Castle, last night, where they met with many of the Irish Government officials and members of the diplomatic corps who welcomed President Kennedy on his sentimental visit to the land of his forebearers 5 years ago, June 26-29, 1963.

Mr. Speaker, it was my privilege to accompany President Kennedy during his visit to Ireland, and to the farmstead at Dunganstown, from which his great-grandfather, Patrick Kennedy, had emigrated to the United States over a century ago. The President's boyish enthusiasm and obvious enjoyment was infectious and an official occasion became a happy Kennedy family reunion as Mrs. Mary Kennedy Ryan and her family served tea on tables covered with linen cloths in the concrete farmyard between the whitewashed cabin, which was Patrick Kennedy's home before his departure in 1848 to East Boston, and the newer grey-painted farmhouse.

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

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

The 47-year-old Negro leader said he was going to "talk openly about the main subject of private conversations since the trouble in D.C. I refuse to be 'chicken' and keep my thoughts in secret half-whispered discussions."

"Let me tell it like it is. During the past winter a young brown-skinned man (an obvious reference to militant Stokeley Carmichael), after a hate America trip around the world, 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' many black leaders of many responsible Negro organizations in this town, even some of the sweet old ladies at church."

"He's sympathized with our D.C. leaders' frustrations, he inflamed their resentments—but more importantly, he played up to their egos. Then all were invited to a secret meeting. And publicly our leaders nodded agreement to his plan to join forces and consented to take titles of offices and to serve on black only committees."

Dr. Alexander asked where the militant leaders were "when the time came."

"None to my knowledge were seen doing the violent acts that they had earlier urged on their poor black brothers."

The D.C. disturbance was a criminal action and not a riot, Dr. Alexander said, because "the few percentage of blacks who took part put their sights more on what they saw in store windows than on what Dr. Martin L. King Jr. taught, lived and died for."

Challenging the argument that only violence seems to frighten the power structure into turning more attention to the poor, Dr. Alexander said:

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

Dr. Alexander spoke out against a racial split—"the only blacks that I know of who really want segregation are those who can't cut the mustard in an integrated society"—but he urged that Negro men pool their money to own stores, banks, hotels.

"We have been dallying with the white man for years, but we can't fool him any more because he has woke up and gone and given us 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?

The PRESIDING OFFICER. 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?

There being no objection, the Senate proceeded to consider 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 the weeks—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 has 15 titles, with numerous sections and subsections, which, on the one hand, establish several new housing and urban development programs and, on the other hand, contain provisions amending the majority of housing and urban development laws on the statute books today.

Mr. President, S. 3497 is not a bill which the committee "dreamed up" overnight. Quite to the contrary, S. 3497 represents a two-session effort on the part of the committee. 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—that is, S. 2700. Congress, however, adjourned before S. 2700 could be considered. As a matter of fact, S. 2700 is still pending on the Senate Calendar, although it has now been outdated by S. 3497, the bill which we commence to debate 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 26, 1968, the President submitted to the Congress a message on housing and cities. Accompanying the message 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 1961, the Housing and Urban Development Act of 1965, 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 able 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 efforts and initiative 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. GORE in the chair), I shall digress long enough to say that that housing policy was written into the act of 1949. At the time it was known as the Taft-Ellender-Wagner Act. 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." Of course, Senator Taft and Senator Wagner are no longer with us, but the distinguished Senator from Louisiana [Mr. ELLENDER], who was the other member of that famous trio, is still one of our most active Senators and one of our most active supporters of safe, sanitary, and decent housing.

Under these acts, a great deal has been 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. In fact, 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 thus become better places in which to work, play, worship, and live. One of the most notable achievements has been the development of a mortgage insurance system with a Government guarantee and a backup secondary mortgage market facility, the results of which have largely been responsible for the rising homeownership among the American people so that today more than two-thirds own their own homes.

However, from time to time serious gaps have been noted in these acts. As time went on, it was realized that many 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 Federal support and assistance that was needed at the local level to meet the fast changing housing and urban development problems of the cities. Each time these gaps have been found or recognized, steps have been taken to close them with either new or amended legislation.

Let me make it clear, however, that while much success has been achieved over the last 35 years, this Nation still has a long way to go in meeting total housing and urban development needs. In the first place, our previous efforts have never been fully effective relative to the needs of the lower income people and, secondly, changing economic and social conditions have aggravated and worsened the urban housing problem so that, despite existing programs, many inner city areas have deteriorated at a faster rate than ever before.

The housing needs of the American people and the needs of the Nation's cities, towns, and communities are not something that can be defined, once and for all time, at any given period. These are ever-increasing needs of the low- and moderate-income American family which must be faced almost on a day-by-day basis. What appeared to be a satisfactory solution to yesterday's problem will be unacceptable today. On the reverse side of the coin, it must be realized by all concerned that these are needs that cannot be met on an overnight basis; fiscal and physical capabilities are just not at hand to bring about an immediate solution to all these problems.

Mr. President, the President's housing and cities message proposed a far-reaching goal to meet a massive national need—a program of Federal assistance for the construction and rehabilitation of 6 million housing units over a 10-year period for the low- and moderate-income families of this country. Such a program would replace the substandard units in which it is estimated more than 20 million Americans still live.

The President's 1968 proposals for housing legislation called for an initial 5-year program aimed at achieving the 10-year goal of the message. The committee certainly agrees that the President's 10-year goals are very admirable and are necessary and the committee believes that these goals can be attained. In order to do this, the committee is recommending stepped-up activity under existing programs, as well as proposing new programs to fill the gaps apparent under existing programs. These programs would be funded at levels to get a good start toward the 10-year goal. However, the committee did not agree with the administration's proposed 5-year program. It believes that another look should be taken at the progress of the new programs and current conditions after several years of experience and that a 3-year period would be more appropriate.

I would like now to describe in very general terms the major highlights and proposals contained in the committee bill.

TITLE I—LOWER INCOME HOUSING

One of the most important titles to this bill is title I which contains important new provisions to help lower income families become homeowners. There are nine sections to this title, the provisions of which are varied but all are aimed at meeting a real need in our economy, that is, making it possible for lower income families to obtain decent housing through homeownership. This matter was first considered last year and finally, after numerous conferences and consultations, the committee has brought forth a package of legislative provisions which we confidently believe, once they are implemented, will represent another milestone in Federal assistance toward helping lower income families of this Nation.

Under existing law, the FHA and VA programs are very effective in helping families of moderate income obtain decent housing through homeownership. In fact, over the years, the laws have been gradually liberalized so that today we can proudly say that we are truly a nation of homeowners, largely because of the contribution made by FHA and VA.

However, as construction costs have gone up and interest rates have risen to unprecedented heights, it has become more and more difficult for families of low and moderate income to afford to buy a home of their own.

Section 101 of this title is intended to remedy this difficulty. Under this section, the Federal Government would help reduce the housing load on the family by paying all but 1 percent of the interest charges to finance the mortgage loan. To make it fair for all, only lower income families would be eligible and each family would pay 20 percent of its income for housing costs. Lower income families are defined as those whose incomes do not exceed 70 percent of the income ceilings established by the Secretary for a particular area in administering the FHA below market interest rate program under section 221(d)(3). This income ceiling would vary from area to area but, in general, it would be at the level of about the lowest one-third of families on the income scale in any particular area. In my home city of Huntsville, Ala., the income ceiling for families of five and six persons would be \$4,900 per year. To permit flexibility and to make the program more workable, some few families with incomes above this could qualify also but, in no instance, could more than 20 percent of the contracted funds be used for families above this basic ceiling.

The committee also recommended an allowance of \$300 per minor child be made in determining eligibility under the income ceilings and in determining the minimum payment the family should pay on its own before Federal subsidy. Considering the cost of raising a family these days, this is nothing more than an effort to be fair and equitable for families with children.

Another feature of the interest subsidy provision for homeownership is the limitation on the maximum mortgage amount. In general, it would be limited to \$15,000 but, in high cost areas, it could go to \$17,500. These ceiling amounts could be raised to \$17,500 and \$20,000,

respectively, for a family with five or more persons.

Authority to enter into assistance payments contracts as approved in appropriation acts is limited to \$75 million for fiscal year 1969, \$100 million for fiscal year 1970 and \$125 million for fiscal year 1971. This authority could result in contracts for assistance payments for a total of nearly 500,000 units during the 3-year period.

Other sections of this title also represent significant proposals to make it easier for the lower income families to become homeowners. One of the provisions would authorize the FHA to qualify for assistance a lower income family who, under existing law, would be turned down because of marginal credit experience or irregular income patterns but who, it is found, is a satisfactory credit risk and would be capable of homeownership with proper counseling.

This title also contains a provision to authorize FHA to insure mortgages for families in the rundown neighborhoods of our cities without regard to economic soundness requirements and other limiting restrictions having in mind the need for adequate housing for families in these areas. This would meet the criticism often levied at FHA on redlining areas and its refusing insurance only because of the area.

A special risk fund would be established, not necessarily actuarially sound, which would be used to meet probable higher losses in the more risky insurance cases that the Congress would be authorizing FHA to undertake.

Mr. President, I believe that it is about time the Congress realizes the dilemma it has placed the FHA in under existing law. On the one hand, FHA is required to run an actuarially sound operation with a minimum of losses while, on the other hand, it gets criticized because it shies away from the marginal risk cases and from neighborhoods where private enterprise has indicated as "off limits." Our committee has taken a firm stand on this, both in the pending legislation and in the committee's report. We believe that FHA was established to take risks and to bear the burden of helping to provide decent housing for all but the poorest of our people no matter where they live in. We believe that each case should be examined on its merits and, if it qualifies as a satisfactory risk, the FHA should accept it. The Congress, by these provisions of the bill, will be committing itself to stand back of FHA and help it truly perform the task it was created to do—that of providing the financial backup needed to help lower income families obtain decent housing.

This title contains provisions for assistance to nonprofit sponsors so that such sponsors can be effective in helping lower income families obtain decent housing. Also a Commission would be established by this title to study and report back to Congress on better ways and means to help house our lower income families. And, finally, the title contains authority to establish a National Home Ownership Foundation which would provide technical and limited financial assistance to private and public organiza-

tions desiring lower income families become decently housed.

TITLE II—RENTAL HOUSING FOR LOWER INCOME FAMILIES

Title II, Mr. President, deals with 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 compares almost directly with section 101 in providing interest subsidy assistance to lower income families in rental projects. However, the renter would pay 25 percent of his 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 101 homeownership provision. It has been estimated that approximately 700,000 units would be contracted for under the moneys authorized to be appropriated for this program—\$75 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 authorizations 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 tenants pay 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 will make up the difference between what the tenant pays and the economic rent. However, the new rental program authorized by section 201 of this bill provides only limited subsidy—the difference between in amortization charges on a 6¾-percent mortgage and a 1-percent mortgage. Thus, it can reach and be of help to a more narrow segment of lower income families. Generally speaking, families below \$3,000 annual income would need rent supplement or public housing assistance and thus the committee believed it must be essential that adequate authority be made available to keep these programs operating at a good level.

TITLE III—FEDERAL HOUSING ADMINISTRATION INSURANCE OPERATIONS

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 titles containing many amendments to existing law.

Perhaps the most significant action of the committee relative to this title is its report language outlining FHA's responsibility 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 financing provisions in the rehabilitation of existing housing in connection with urban renewal.

TITLE IV—GUARANTEES FOR FINANCING NEW COMMUNITY LAND DEVELOPMENT

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 produce the financing at reasonable terms and with considerable flexibility to attract large private investors into this worthwhile endeavor.

TITLE V—URBAN RENEWAL

The most significant provision under this title is section 501 establishing a new neighborhood development program as part of urban renewal. 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 are redeveloped over a 5- to 10-year period with no visible results until the end of a long planning and redevelopment process.

Another section of this title would initiate a new system of applying Federal funds for interim assistance to an area scheduled for urban renewal or code enforcement in the near future. By this device, much needed obvious work can be done well in advance of the slow-moving urban renewal process.

The committee also included provisions in this title to insure that a majority of housing units built in 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 com-

plicated matter, and, sooner or later, when local planning 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 would permit pursuing urban renewal undertakings by smaller areas which could be designated as neighborhood development programs. These smaller areas are a part of the whole which has been planned but permits such areas to be pursued with work and development in a limited way rather than taking the whole.

That, 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 days not so long past—when one of 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. I remember being in a little alley 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 old title I of the Act of 1949 was set up. I guess the urban renewal program in Southwest Washington was one of the earliest in the country. As I remember, the total area covered was 555 acres. It took several years to get the buildings torn down. In fact, it seemed like it was going to be forever before any new buildings would be constructed in the 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 years. Frankly, I do not know how many years passed before redevelopment was started. But today, to look at it, one would never dream that it was the area it was several 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 have put the program into effect in 1949, because we were not ready for it, but now we have had the experience to profit from. Under the provision of the committee bill we could take the same tract and redevelop it in increments on an annual basis. This year we would redevelop a part of it. Next year we would redevelop more and so on down the line. We would make it progressive rather than try to take the entire area all at one time.

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

would be a most significant step in our Government's efforts to stabilize and, in fact, reinvigorate 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 lose sight of 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 proposing 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 act 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 Presiding Officer [Mr. GORE in the chair], who is a farm boy like I am, can do as I do. When we ride around the country we can pick out, as we ride along, the housing that has been built under the title V program. This housing is one of the most cheering sights one can see. The program has a remarkable record of being financially sound. An enviable record has been achieved. In fact, that is true in the housing field in general. I think all housing programs must have exceeded any expectations that those who pioneered many years ago could have dreamed of.

TITLE VII—URBAN MASS TRANSPORTATION

The most significant provision in this title is section 704, which would authorize that 50 percent of the local share of the net project cost for mass transit projects could be made by the public or private transit systems rather than the local government. Also, in exceptional cases where the local government is fiscally unable to make the payment, the full amount of the local share may be paid by the local transit company. In making this payment, the funds could only come from undistributed cash surpluses, replacement, or depreciation funds or reserves available in cash or new capital.

TITLE VIII—SECONDARY MORTGAGE MARKET

This is something that I think is of great interest. It relates to what we call FNMA.

This title would amend the FNMA Charter Act of 1954 by providing for the spin-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—GNMA. This partition would take place gradually, but not earlier than May 1, 1970, nor later than May 1, 1973. 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.

GNMA 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, but, to safeguard it from failing to perform in the best 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.

TITLE IX—NATIONAL HOUSING PARTNERSHIP

This title would authorize the creation of federally chartered, privately funded corporations to mobilize private investment and the application of business skills in the job of creating low- and moderate-income housing in large volume. It would work like this: A federally chartered corporation would be organized with expert staff proficient in the development and financing of housing projects. This corporation would get capital by forming a partnership with investors who, in return for favorable tax depreciation allowances, would be attracted to invest substantial sums of equity capital. With the equity capital thus available, the partnership could join with local partners to build housing with 90 percent of the cost financed with FHA assistance and 10 percent equity. With favorable refinancing terms, such as provided under the new section 236 of the 1968 Act, the operation can be most attractive to investors in the upper income brackets. Depreciation allowances are not new to housing investors, so that all of this can be accomplished without amendments to existing internal revenue laws. This provision was recommended by the President's Committee on Urban Housing, chaired by Mr. Edgar F. Kaiser, as a way of involving big business in solving the housing problems of our cities.

TITLE X—RURAL HOUSING

This title would provide for rural families the same benefits made available under section 101 of this bill for urban families, that is, an interest subsidy payment to help lower income families acquire homeownership.

TITLE XI—NATIONAL INSURANCE DEVELOPMENT CORPORATION

This title would establish the National Insurance Development Corporation in the Department of HUD. The NIDC would provide reinsurance to insurance companies for losses paid by them resulting from riots or civil disorders. By providing this reinsurance, NIDC will enable the insurance industry to continue to provide the necessary property insurance it is now providing to property owners in urban areas. Reinsurance losses would be shared among the insurance companies—through a loss retention and reinsurance premiums paid to NIDC—the States, and NIDC.

The NIDC would also encourage the private property insurance industry, in cooperation with State insurance authorities, to develop statewide plans to assure all property owners fair access to property insurance. These would be known as "Fair Access to Insurance Requirements plans"—FAIR plans. Minimum criteria would be provided in the bill for the FAIR plans. Although minimum criteria would be established, the State insurance authority would have the responsibility of determining the scope of the plans beyond the established minimum, working out the details of the operation of the plan, implementing the plan, and overseeing its operation. An insurance company obtaining reinsurance from NIDC would have to agree to participate in the State plan.

NIDC and the State insurance authority would maintain surveillance over the effectiveness of the FAIR plans in increasing insurance availability. If it is determined that the FAIR plan is not obtaining the desired results, additional programs may be required as a condition to continued NIDC reinsurance in the State.

TITLE XII—NATIONAL FLOOD INSURANCE ACT OF 1968

The Secretary of Housing and Urban Development will establish a program of flood insurance, as a joint venture between the Federal Government and the private insurance industry. The bill permits as an alternative, but only if necessary, an 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 could either assume a portion of the risk in carrying out the program or could participate on a nonrisk basis. Risk sharing companies would commit risk capital to an industry pool of companies which would absorb a share of the losses and expenses of the program. The Federal Government would make premium equalization payments to the pool 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 this reinsurance coverage in years of low-flood losses. Other non-risk-bearing insurance companies would participate in the program as fiscal agents of the pool.

TITLE XIII—INTERSTATE LAND SALES

This title would give to the Secretary of HUD authority to require full disclosure in the sale or lease of certain undeveloped land in interstate commerce or through the mails. All developers or sellers of such land would be required to file with the Secretary a statement of 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 be included in a property report submitted to the purchaser before the sale is consummated.

TITLE XIV—10-YEAR HOUSING PROGRAM

This title would require the President to make a report on or before January 15, 1969, setting forth a 10-year plan on the construction and financing of housing, both Government and conventionally financed, for each of the 10 years, together with a statement of what reduction in substandard units is expected; also an estimate of cost of various Federal programs for legislative action. Residential mortgage market needs would also be reported. Annual reports would subsequently be made for each of the 10 years thereafter on progress of the projected figures.

Mr. President, I said a few minutes ago that the President's 10-year proposal is a good proposal. I believe the committee will back me up in that statement.

Many people are not satisfied with this bill, thinking it does not go far enough. But, Mr. President, we have written a bill which we think goes just about as far as our present resources will permit. The organization of homebuilders in this country to do the job, the materials with which to do it, the labor force with which to do it, and all of that must necessarily be brought together as fast as we can, as we move into the program proposed by our bill. This is why the committee feels the need for annual reports on the housing needs of the Nation.

TITLE XV—MISCELLANEOUS

One of the most important provisions under this title is the new interest subsidy financing device for college housing construction. Under existing law, direct Federal loans are made to colleges at 3-percent interest rates. This program has worked well but, because of recent expansion of colleges throughout the Nation, the funds needed to be appropriated for this purpose have been far short of the need.

To overcome this dilemma, this bill would authorize the Federal Government to pay interest subsidies amounting to the difference between a 3-percent loan and the market interest rate. The Federal commitment is far reduced by this means and it is believed a satisfactory quantity of housing can be built with a minimum of Federal outlay.

Mr. President, this is one of the most successful programs we have had. It was back in 1955 that I offered an amendment to the Housing Act of that year to provide a formula for lending money to colleges in order that they might expand their facilities to help take care of the ever-increasing load of GI's, veterans of World War II, and veterans who could be expected back from the Korean war.

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.

I cannot state exactly how much money has been loaned out so far, but I would say around \$3 billion. There has never been one dime of deficiency. I think it is a remarkable record.

We are making, this year, a change recommended by the distinguished Senator from New York, to whom I now yield.

Mr. JAVITS. I merely wish to say briefly, Mr. President, that it is such a creative program because it does operate with practically no impact on the budget. We struggled, if the Senator will recall, with an amendment of mine to increase the amount of college housing, and found it extremely trying because of the budgetary impact; and I was almost forced to this alternative as a means of escaping the budgetary impact. I express my appreciation to the Senator from Alabama and to the committee for having now embraced it and included it in the bill.

Mr. SPARKMAN. It was a most welcome suggestion.

Mr. JAVITS. I thank the Senator.

Mr. SPARKMAN. It was a happy solution of a problem that was becoming difficult because we could not provide the money in sufficient amounts to take care of all of 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. Under another section of this title, new authority would be given to the Secretary of HUD to increase the planning funds for the model cities program by \$12 million. By this action, the committee anticipates a third round of cities would apply for planning assistance under this program. The bill would also add \$1 billion for operating for fiscal year 1970 for model cities. These funds are used as supplementary grants to cities carrying out model cities programs and would be added to the \$900 million authorized under 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 helping the American people obtain the goal 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 on 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 and urban development legislation nearly a year and a half ago, in the early part of the first session of this Congress. And we have worked over the months on developing the committee bill. And the bill does represent the composite thinking of our committee.

I think that S. 3497 is by and large a good bill. In fact, I think it is one of the most comprehensive bills we have ever had. I want to go further and say that I think it is one of the best bills we have ever had, and that it is one that holds more promise for persons of low income to get decent housing, either rented or purchased, that we have ever had.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PERCY. Mr. President, I should like to comment that, having been a member of the Housing Subcommittee, I have gone back over the history of some 30 years, and in my own comments this morning, which will follow those of the distinguished Senator from Texas [Mr. TOWER], I will comment more in detail on that. However, I think one point should be clearly made at this point.

This has been truly a bipartisan effort. The bill has been developed under the great leadership of the chairman, the distinguished Senator from Alabama, with great resourcefulness. He has been assisted by such members of the committee as the Senator from Minnesota [Mr. MONDALE], and, on the minority side, the distinguished Senator from Texas [Mr. TOWER], the ranking member of the committee, and the distinguished Senator from Utah [Mr. BENNETT].

We have been working for 2 years in the committee on the bill. We now have in Washington the representatives of the Poor People's Campaign. They have presented to the Secretary of HUD the requests they are making in the housing field. I believe that the distinguished Senator from Alabama will be particularly interested in the fact that as we go over the requests made by the Poor People's Campaign to the Secretary of HUD and look over in detail some of the things they have talked about, we find that we have anticipated in the past 2 years in the course of our hearings and in our response to the genuine need, many of the requests that they have

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 anticipation 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 expressed that the bill represents the handiwork of 14 members of the committee.

Mr. President, I have expressed my thanks to the members of the committee and the subcommittee without mentioning their names. However, I believe I ought to say that the distinguished Senator from Texas [Mr. TOWER], the ranking minority member of the committee, is always most helpful and cooperative.

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. PERCY], and the Senator from Massachusetts [Mr. BROOKE].

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

Mr. President, perhaps I should just list the Democratic members of the committee. The members are WILLIAM PROXMIRE, of Wisconsin; HARRISON A. WILLIAMS, JR., of New Jersey; EDMUND S. MUSKIE, of Maine; EDWARD V. LONG, of Missouri; THOMAS J. MCINTYRE, of New Hampshire; WALTER F. MONDALE, of Minnesota; GALE MCGEE, of Wyoming; WILLIAM B. SPONG, JR., of Virginia.

All of the members of the committee have been helpful and almost without exception suggestions have been adopted in the bill that have been made by each member of the committee. I pay tribute to all members of the committee for the dedicated service they have rendered in perfecting this piece of legislation. I feel somewhat safe in saying perfecting because I think it is an excellent piece of legislation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a section-by-section analysis of the bill.

There being no objection, the section-by-section analysis of the bill was ordered to be printed in the RECORD, as follows:

HOUSING AND URBAN DEVELOPMENT ACT OF 1968 (S. 3497)—SECTION-BY-SECTION SUMMARY

Section 1.—Provides that the bill shall be read as the "Housing and Urban Development Act of 1968."

Section 2.—States the declaration of policy of the bill.

Section 3.—Provides that in administering programs authorized by sections 221(d)(3), 235, and 236 of the National Housing Act; the low-rent public housing program of the U.S. Housing Act of 1937; and section 101 of the Housing and Urban Development Act of 1965, the Secretary of the Housing and Urban Development shall require, to the greatest extent feasible, opportunities for employment arising in connection with construction or rehabilitation of housing assisted under such programs be given to lower income persons residing in the area of such housing.

TITLE I—LOWER INCOME HOUSING

Homeownership for Lower Income Families

Section 101.—Adds a new section 235 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 which would be paid by the Secretary of the Housing and Urban Development to the mortgagee could not exceed the lesser of: (a) The difference between the monthly payment for principal, interest, and mortgage insurance premium for a market rate mortgage, and the amount the monthly payment would be for principal and interest with a 1-percent mortgage, or (b) the difference between 20 percent of the mortgagor's monthly income and the monthly payment under the mortgage. The subsidy payment would be available to a purchaser having an income not in excess of 70 percent of the limits prescribed for eligibility to occupy projects financed under the FHA section 221(d)(3) below-market interest rate program, except that 20 percent of the contract funds could be used to assist families with income above these limits. For each minor child in the household, \$300 would be deducted from family income. The interest subsidy payment would decrease as the homeowner's income rises.

The subsidy payment could only be made with respect to new or rehabilitated housing meeting the requirements of the FHA section 221(d)(2) sales housing program, the 234 condominium program, the 213 cooperative program, or section 221(h) as incorporated into the new section with some modifications. However, during the first 3 years after enactment assistance payments could be made with respect to existing housing as follows: 25 percent of the contract funds authorized by appropriation acts in the first year; 15 percent of the contract funds authorized in the second year; 10 percent of the contract funds authorized in the third year. In addition, payments could be made with respect to existing housing for displaced families, families with five or more minors, or families living in public housing, as well as for families who purchase dwelling units released from the project mortgage for a 236 project or a rent supplement project. The maximum mortgage under the program would be \$15,000 (\$17,500 in high-cost areas), but each limit would be increased by \$2,500 for families of five or more persons. The section 221(d)(2) mortgage ceilings would be raised to the same level. Counseling services are authorized.

This section also authorizes contract authority subject to appropriations acts to finance the program in the following manner: \$75 million annually prior to July 1, 1969, which amount may be increased by \$100 million on July 1, 1969, and by an additional \$125 million on July 1, 1970.

Credit assistance

Section 102.—Adds a new section 237 to title II of the National Housing Act to authorize mortgage insurance for families of low and moderate income who cannot qualify for mortgage insurance under existing FHA programs because of their credit histories or irregular income patterns, but who the Secretary finds are "reasonably satisfactory" credit risks and capable of homeownership

with the assistance of budget, debt management, and related counseling provided by the Secretary. Mortgage insurance under this program would have to meet the requirements (other than credit and income requirements) under certain existing FHA single-family sales program, except that the principal obligation of the mortgage could not exceed \$15,000 (\$17,500 in high-cost areas) and the mortgagor could not undertake a mortgage which, in combination with local real estate taxes, required monthly payments for principal and interest which exceeds 25 percent of the mortgagor's income. The amount of insurance under this section is limited to \$200 million outstanding at any one time.

Relaxation of mortgage insurance requirements in certain urban neighborhoods

Section 103.—Amends section 223 of the National Housing Act by adding a new subsection (e) to give FHA a more flexible authority in providing financing for the repair, rehabilitation, construction, or purchase of properties located in older, declining urban areas by authorizing FHA to accept for insurance mortgages on properties which may not, because of the areas in which they are located, be able to meet all the normal eligibility requirements for insurance. Permits such mortgages to be accepted for insurance where FHA is able to establish that the areas are reasonably viable, giving consideration to the need for providing adequate housing for families of low and moderate income in such areas and that the properties are an acceptable risk in view of such consideration.

Special risk insurance fund

Section 104.—Adds a new section 238 to title II of the National Housing Act to establish a "Special Risk Insurance Fund," which fund is not intended to be actuarially sound and out of which claims would be paid on mortgages insured under sections 101 (homeownership assistance), 102 (credit assistance), 103 (properties in older, declining urban areas) and 201 (rental and cooperative housing for lower income families) of the bill. Payments on claims would be made in cash or debentures. Income such as insurance premiums and service charges in connection with these programs would be deposited in the new fund. Authorizes \$5 million advance from general insurance fund to establish new fund, which is repayable and authorizes appropriations when necessary to supplement and maintain adequacy of the new fund.

Condominium and cooperative ownership for low and moderate income families

Section 105.—Amends section 221 of the National Housing Act by adding new subsections (i) and (j) to permit section 221(d)(3) below-market interest rate rental projects: (1) To be converted to condominium ownership; or (2) to be converted to cooperative ownership. Families purchasing condominium or cooperative units would be generally required to meet income limits established for occupancy under the 221(d)(3) below-market interest rate program.

Assistance to nonprofit sponsors for low and moderate income housing

Section 106.—Establishes a new program within HUD under which the Secretary may provide technical assistance to nonprofit sponsors of low and moderate income housing. Also authorizes the Secretary to make non-interest-bearing loans to nonprofit organizations for financing up to 80 percent of preconstruction costs in connection with federally assisted low and moderate income housing projects. These loans could cover such preconstruction items as architectural fees, land options, and engineering surveys. A revolving fund would be established, with \$7.5 million authorized the first year and \$10 million the second year.

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 time 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, 1969, and a final report not later than July 1, 1970.

National Homeownership Foundation

Section 109.—Creates 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 providing increased homeownership and housing opportunities for lower income families. The Foundation, which would be a Government-chartered nonprofit private corporation, would be administered by a Board consisting of 18 members, 15 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, Secretary of Agriculture, and the Director of the Office of Economic Opportunity. The Foundation would also be authorized an appropriation of \$10 million to be used 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 236 to title II of the National Housing Act to provide rental and cooperative housing for lower income families. Mortgages insured under section 236 would carry a market interest rate, but the Secretary of HUD would pay to the mortgagee on behalf of the mortgagor an amount equal to the difference between the monthly payment for principal, interest, and mortgage insurance premium at the market rate and the monthly payment for principal and interest at 1 percent. Occupants, however, would pay 25 percent of their income as rent up to the full market rental. The sponsor would reimburse the Secretary for that part of rent receipts in excess of the amount which would be required under 1-percent financing, and this amount could be used to make other interest reduction payments. Occupancy of assisted projects would be available only to tenants whose incomes are not in excess of 70 percent of the limits prescribed for eligibility under the section 221(d)(3) below-market interest rate program, except that 20 percent of contract funds could be used with respect to families with incomes above these limits. For each minor child in the household, \$300 would be deducted from family income. Section 221(d)(3) BMIR mortgages (prior to final endorsement) and section 202 housing for the elderly mortgages (up to, or a reasonable time thereafter, project completion) could be refinanced under this program.

Contracts for interest reduction payments subject to approval in appropriations acts would be authorized in the following amounts: \$75 million annually prior to July 1, 1969, which amount may be increased by \$100 million on July 1, 1969, and by \$125 million on July 1, 1970.

Rent supplement program

Section 202.—Amends section 101 of the Housing and Urban Development Act of 1965 to increase the appropriation authority for the rent supplement program by \$40 million for fiscal year 1970 and \$100 million for fiscal year 1971. Also authorizes State or locally assisted rent supplement benefits.

Part B—Low-Rent Public Housing
Increased low-rent public housing authorization

Section 203.—Amends section 10(e) of the U.S. Housing Act of 1937 to increase the annual contribution contract authority by \$100 million on enactment and by \$150 million for each of fiscal years 1970 and 1971.

Upgrading management and services in public housing projects

Section 204.—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. Authorizes appropriation of \$20 million in fiscal year 1969 and \$40 million in fiscal year 1970 for such contracts.

Purchase of units by tenants

Section 205.—Amends section 15(9) of U.S. Housing Act of 1937 to broaden existing law to permit local housing authorities to sell any low-rent housing units to tenants if such units are suitable for individual ownership. (Existing law permits tenants to purchase only detached or semidetached units.)

Public housing in Indian areas

Section 206.—Amends section 1 of U.S. Housing Act of 1937 to permit public housing assistance for Indian families living in rural farm areas. (Existing law limits public housing assistance to urban and rural nonfarm areas.)

TITLE III—FEDERAL HOUSING ADMINISTRATION INSURANCE OPERATIONS

Mortgage insurance premiums for servicemen and their widows

Section 301.—Amends section 222 of the National Housing Act to permit payment of FHA insurance premium by the Secretaries of Defense and Transportation for servicemen who assume a mortgage previously insured under any other provision of the National Housing Act. Also requires Secretaries to continue premium payment after serviceman's death on behalf of his widow for a 2-year period or until she sells the house, whichever is sooner. Also directs Secretaries to notify promptly the widow of the increase in costs she must bear at end of 2-year period.

Seasonal homes

Section 302.—Adds a new section 203(m) to the National Housing Act to authorize FHA to insure mortgages on seasonal homes not exceeding \$15,000 and 75 percent of the appraised value on an acceptable risk basis, taking into consideration the economic potential of the area and the effect the insurance of such mortgages would have on the availability of mortgage credit in the area. Also requires proper steps to preserve natural resources of the area.

Modification in terms of insured mortgages covering multifamily projects

Section 303.—Adds a new section 239 to the National Housing Act to require the Secretary of HUD to approve a request for the extension of time for curing a default on any FHA multifamily mortgage or for a modification of the terms of such a mortgage only

pursuant to regulations prescribed by him. Under such regulations, the mortgagor would have to agree to place in trust any income or funds derived from the project in excess of what is required to meet actual and necessary operating expenses. The Secretary could provide for granting such consent in any case or class of cases without regard to the requirements of the regulations where he determined such action would not jeopardize the interests of the United States. Any knowing and willful misdistribution of the rents or other income received during the period of extension or modification would subject the party to criminal penalty (\$5,000 or 3-year imprisonment, or both).

Condominiums

Section 304.—Amends section 234(c) and (f) of the National Housing Act to: (1) Provide the same 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 limitation of five or more units, and (3) permit FHA insurance for individual units in a condominium project with two to 11 dwelling units without requiring that the project be first covered by an FHA-insured project mortgage.

Insurance of loans for purchase of fee simple title from lessors

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 fee simple title to property on which their homes are located where the homeowners have only leasehold interests to the land.

Section 305(b).—Amends 5(c) of the Home Owners' Loan Act of 1933 to permit savings and loan associations to invest in the loan described above.

Extend section 221(d)(2) sales housing program for two-, three-, and four-family residences to all low and moderate income families

Section 306.—Amends section 221(d)(2) of the National Housing Act to authorize mortgage insurance for two-, three-, and four family residences to all low and moderate income families. (Existing law limits mortgage insurance only to displaced low and moderate income families.)

Remove dividend restriction from nondwelling facilities in section 221 projects

Section 307.—Amends section 221(f) of the National Housing Act to remove the requirement that mortgagors of multifamily projects insured under section 221 and located in urban renewal areas waive the rights to remove dividends on the equity investment of the project devoted to community and shopping facilities where these facilities are designed to serve the needs of others than residents of the project. (The restriction would not be removed in the case of sec. 221(d)(3) BMIR projects.)

Supplemental loan program for project financed with FHA insured mortgages

Section 308.—Adds a new section 223(f) to the National Housing Act to permit the Secretary of HUD to insure supplemental loans to finance improvements, repairs, and additions to multifamily rental projects (including nursing homes and housing for the elderly) and group practice facilities financed with an FHA insured mortgage. Such financing would supplement existing insured mortgages and would be available without refinancing the existing mortgage.

Home improvement loans—Increase in maximum maturity, finance charge, and loan amount

Section 309.—Amends section 2(b) of the National Housing Act containing the title home improvement program to: (1) Increase the maximum loan limitation from \$3,500

\$5,000; (2) increase the maximum maturity from 5 years and 32 days to 7 years and 32 days; and (3) increase the maximum financing charge from \$5 to \$5.50 per \$100 on the first \$2,500 of the loan and from \$4 to \$4.50 per \$100 on the amount in excess of \$2,500.

Experimental housing program

Section 310.—Amends section 223 of the National Housing Act, the FHA experimental housing program, to make the program available for use in connection with all FHA programs.

Term of FHA mortgages for land development

Section 311.—Amends section 1002(d)(1) of the National Housing Act to increase the maturity for FHA mortgages securing subdivision development from 7 to 10 years with further authority placed in the Secretary of HUD to go beyond a 10-year maturity if he deems such longer term is necessary.

Rehabilitated multifamily projects in urban renewal areas

Section 312.—Amends section 220(d)(3)(B)(ii) and 221(d)(3)(iii) of the National Housing Act to permit FHA insurance under sections 220 (urban renewal housing) and 221(d)(3) (low and moderate income families) for multifamily properties in urban renewal areas which have been rehabilitated by local agencies.

Miscellaneous housing insurance

Section 313.—Amends section 223 of the National Housing Act to permit refinancing of FHA mortgages insured under any of the sections or the titles of the National Housing Act. In addition, this section would permit FHA mortgages assigned to the Secretary or executed in the sale of an acquired property to be insured under any section or title of that act. It also authorizes insurance of supplementary loans to cover excess of expenses over income for first 2 years of multifamily projects at the interest rate in effect at the time the supplementary loan is insured.

Supplementary loans for cooperative housing purchased from the Federal Government

Section 314.—Amends section 213(j) of the National Housing Act to authorize mortgage insurance for supplementary loans to housing cooperatives which purchased wartime housing from the Federal Government.

Equipment in nursing homes

Section 315.—Amends section 232 of the National Housing Act to permit the cost of major items of equipment necessary for the operation of a nursing home to be included in the FHA insured mortgage.

Flexible interest rates for certain FHA insurance programs

Section 316.—Amends section 3(a) of Public Law 90-301 to permit the Secretary of HUD, until October 1, 1969, to establish the interest rate for new mortgage insurance programs authorized by new sections 223(f) 235(j), and 240 of the National Housing Act (added by secs. 101, 314, and 305, respectively, of the bill) at such rate he believes necessary to meet the market.

Sale of rehabilitated units in multifamily structures

Section 317.—Amends section 221(h) of the National Housing Act to: (1) Permit the rehabilitation and sale of individual units (with a 3-percent mortgage) in a multifamily structure; and (2) permit the blanket mortgage to cover four or more units instead of the present limitation of five or more units.

TITLE IV—GUARANTEES FOR FINANCING NEW COMMUNITY LAND DEVELOPMENT

Sections 401-416.—Add a new title to be referred to as the "New Communities Act of 1968" to the housing laws to permit the Secretary of HUD to guarantee the bonds, debentures, notes, and other obligations is-

sued by private new community developers to help finance the development of new community projects. This title would provide:

Maximum guarantee: Cannot exceed: (a) The lesser of 80 percent of the Secretary's estimate of the value of the property upon completion of the land development, or (b) the sum of 75 percent of the Secretary's estimate of the value of the land before development and 90 percent of his estimate of the actual cost of the land development.

Guaranteed ceilings: \$50 million for any single new development; \$500 million aggregate outstanding principal obligation at any one time.

Revolving fund for guarantee: Fees and charges collected by the Secretary will be deposited in a revolving fund to cover any liabilities under the guarantees. In addition, the full faith and credit of the United States is pledged to payment of the guarantees and appropriations to cover program operations and nonadministrative expenses and, if necessary, any guarantee payments are authorized.

Small builders: Requires HUD to adopt requirements encouraging small builders to participate in new community projects.

Supplementary grants: Authorizes supplemental grants to States and localities assisting new community development with basic water and sewer and open space projects. The additional grant is limited to 20 percent of cost of the facility and a substantial number of housing units for low and moderate income person must be made available through such development project. (Total Federal grant cannot exceed 80 percent of facility cost.) Authorizes an appropriation of not to exceed \$5 million for supplemental grants for fiscal year 1969 and not to exceed \$25 million for fiscal year 1970.

Sections of this title also require cost certifications in connection with a land development project and authorize the General Accounting Office to audit the transactions of developers whose obligations are guaranteed pursuant to this title.

TITLE V—URBAN RENEWAL

Section 501.—Amend title I of the Housing Act of 1949 by adding a new subtitle heading to read: "Part A—Urban Renewal Projects, Demolition Programs and Code Enforcement Programs" and further amends that title by adding a new "Part B—Neighborhood Development Programs." This new part B added to title I authorizes the Secretary of HUD to provide financial assistance to local public agencies on an annual basis to assist them in carrying out "neighborhood development programs." A neighborhood development program would consist of urban renewal project undertakings and activities in one or more urban renewal areas that are planned and carried out on the basis of annual increments. The requirements governing such undertakings and activities would be similar to those governing the provision of Federal financial assistance for regular urban renewal projects.

Increased authorization

Section 502.—Amends section 103(b) of the Housing Act of 1949 to increase the contract authority for urban renewal and other title I activities by \$1.4 billion on July 1, 1969. This section also authorizes an increase of \$350 million for urban renewal projects in model city areas.

Rehabilitation grants

Section 503.—Amends section 115(a) of the Housing Act of 1949 to increase the rehabilitation grant that can be made to low-income homeowners from \$1,500 to \$2,500. This section also makes a technical amendment to change the term "structure" to "real property" in order to permit the use of grant funds for rehabilitation relating to aspects of the property other than the dwelling structure itself. Finally, this section authorizes rehabilitation grants in areas (other than urban renewal and code enforcement areas)

which are scheduled for rehabilitation or concentrated code enforcement within a reasonable period of time.

Rehabilitation in urban renewal areas

Section 504.—Amends section 110(c)(8) of the Housing Act of 1949 to remove the present limitation on the acquisition and rehabilitation of residential properties by a local urban renewal agency. (Existing law permits the local agency to acquire and rehabilitate for demonstration purposes no more than 100 units or 5 percent of the total residential units in the urban renewal area, whichever is lesser.)

Disposition of property for low and moderate income housing

Section 505.—Amends section 107 of the Housing Act of 1949 to make it clear that land may be disposed of for low as well as moderate income housing purposes and to permit this disposition to be accomplished by lease as well as by sale. Would also permit land to be sold to a mortgagor qualified under section 236 of the National Housing Act (added by sec. 201 of this bill) and to non-profit organizations eligible under section 221(h) or under 235(j)(1) of the National Housing Act (added by sec. 101 of this bill) which rehabilitate property and sell it to low or moderate income families.

Grants for low and moderate income housing in open land projects

Section 506.—Amends section 103(a)(1) of the Housing Act of 1949 to permit grants to be made with respect to urban renewal open land projects (which now only qualify for loans) in an amount not to exceed two-thirds of the difference between the proceeds from any land disposed of at its value for low or moderate income housing (under sec. 107 of such act) and the proceeds which would have been realized if the land had been disposed of at its fair value without regard to the special provisions of section 107.

Urban renewal loan contracts

Section 507.—Amends section 102(c) of the Housing Act of 1949 to permit a local public agency to borrow funds to finance project undertakings on the private market at an interest rate in excess of the Federal lending rate set out in its loan contract with the Government. The difference between the interest cost on the private market and the interest cost at which the LPA could have borrowed from the Federal Government under its loan contract would be made up by a supplemental grant from the Government.

Project completion prior to disposition of certain property

Section 508.—Amends section 106 of the Housing Act of 1949 to permit the Secretary of HUD to allow an urban renewal project to be closed out where: (1) Not more than 5 percent of the total acquired land remains to be disposed; (2) the local public agency does not expect to be able, due to circumstance beyond its control, to dispose of that land in the near future; (3) all other project activities are completed; and (4) the local public agency has agreed to dispose of or retain such land in the future for uses in accordance with the urban renewal plan. This section would also amend section 110(f) of such act to include in the amount of land proceeds, for the purpose of computing net project cost, an amount equal to the value of the land not yet disposed of.

Demolition grants

Section 509.—Amends section 116(a) of the Housing Act of 1949 to authorize the Secretary of HUD to make grants for the demolition of nonresidential structures that are harbors or potential harbors of rats.

Air rights in urban renewal areas

Section 510.—Amends section 110(c) of the Housing Act of 1949 to permit the carrying out of air rights urban renewal projects and the construction of necessary foundations and platforms to provide educational facil-

ities. Under present law, these activities may be assisted only when they are for low and moderate income housing or for industrial development where the area is not suitable for low and moderate income housing.

Interim assistance for blighted areas

Section 511.—Adds a new section 118 to title I of the Housing Act of 1949 to authorize the Secretary of HUD to contract to make grants, in an aggregate amount not to exceed \$20 million in any fiscal year, to cities and other municipalities or counties to assist in taking interim steps to alleviate harmful conditions in any slum and blighted area of the community which is planned for substantial clearance, rehabilitation or federally assisted 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 except that a three-fourths grant 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 Secretary 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 312 of the Housing Act of 1964 to: (1) Extend the rehabilitation loan program from October 1, 1969, to October 1, 1970, and (2) authorize such loans in areas, other than urban renewal and concentrated code enforcement areas, which are scheduled for rehabilitation or concentrated code enforcement within a reasonable period of time where the property is a owner-occupied residential structure and it is in violation of local housing or similar codes.

Low and moderate income housing in residential urban renewal areas

Section 513.—Rewrites section 105(f) of the Housing Act of 1949 to require that a majority of the housing units provided in urban renewal projects which are to be redeveloped for predominantly residential uses and which receive Federal recognition after the effective date of this bill be standard housing units for low or moderate income families or individuals.

TITLE VI—URBAN PLANNING AND FACILITIES Comprehensive planning

Section 601.—Rewrites section 701 of the Housing Act of 1954 (urban planning assistance). The principal change authorizes the Secretary of HUD to make planning grants to State planning agencies for assistance to district planning agencies for rural and other non-metropolitan areas. A grant authorization of \$20 million would be provided for such planning grants, to be increased by an additional \$10 million on July 1, 1969, both to come out of the regular increase. The Secretary of Agriculture would be given certain functions with respect to these district planning grants. The section also authorizes an additional \$10 million of the section 701 appropriations to be available for study, research, and demonstration projects covering such matters as the planning for entire systems of public facilities and services within metropolitan areas and other multijurisdictional regions. Other changes would authorize the Secretary to make planning grants directly to tribal planning councils or other bodies for planning on Indian reservations and would require that metropolitan, regional, and district planning agencies, to the greatest extent practical, be composed of or responsible to elected officials of local governments. This section also au-

thorizes grants under section 701(g) for regional and district councils of government as well as those organized on a metropolitan basis and a broadening of the definition of comprehensive planning for the provision of governmental services and for the development and utilization of human and natural resources. This section has added to the preamble of section 701 a statement to make it clear that the committee expects HUD to permit the judicious use of private planning consultants by State and local governments where these governments deem it appropriate in carrying out planning activities assisted under section 701. The section further authorizes grants to official governmental planning agencies for areas where rapid urbanization is expected to result on land developed or to be developed as a new community under title IV of the bill and to regional commissions established pursuant to the Public Works and Economic Development Act of 1965.

The bill also authorizes additional 701 planning funds amounting to \$35 million for fiscal year 1969 and \$125 million for fiscal year 1970.

Planned areawide development

Section 602.—Amends title II of the Demonstration Cities and Metropolitan Development Act of 1966 by changing the heading of such title to "Planned Areawide Development" and in keeping with this change in title amends the sections and subsections thereto to permit supplementary incentive grants authorized for certain federally assisted projects in metropolitan areas to be made for such projects being carried out in any multijurisdictional area such as the rural planning districts which are authorized by the amendments in section 601 of this bill. Also makes available for grant purposes through fiscal year 1970 any of the funds authorized for fiscal years 1967 and 1968, but which have not been appropriated.

Advance acquisition of land

Section 603.—Amends section 701 and rewrites section 704 of the Housing and Urban Development Act of 1965 to provide basic authority for a more efficient and effective program of Federal assistance to localities for the advance acquisition of land expected to be needed for public purposes. The amendments and rewriting would:

- (1) Change the definition of eligible land;
- (2) Require that the proposed use of the land be undertaken within 5 years except the Secretary could go beyond the 5-year period if, due to unusual circumstances, he deems a longer period necessary and if he advised the Banking and Currency Committees of the Congress of this action;
- (3) Clarify the status of the land in the interim between acquisition and utilization for the approved purpose;
- (4) Permit the Secretary to approve the diversion of the land to another public purpose when in accord with comprehensive planning and give him discretion to require repayment of the grant or the substitution of land of equivalent value when the land is diverted to a nonpublic purpose;
- (5) Provide that assistance under this section will not render a project ineligible for other Federal assistance programs and that the cost of land acquired with this assistance will not be an ineligible project cost in such other programs;
- (6) Provide for grant assistance for imputed interest charges when an applicant uses other than borrowed funds to finance the acquisition of the land; and
- (7) Clarify the authority of States to participate in the program.

Extension of interim planning requirements in water and sewer facilities program

Section 604.—Amends section 702(c) of the Housing and Urban Development Act of 1965 to extend interim planning requirements in

the water and sewer facilities program from July 1, 1968, to October 1, 1969.

Authorizations for water and sewer facilities, neighborhood facilities, and advance acquisition of land programs

Section 605.—Amends section 708(a) of the Housing and Urban Development Act of 1965 to provide that any funds authorized but not appropriated for the basic water and sewer facilities, neighborhood facilities, and the advance acquisition of land programs will remain available for appropriation through fiscal year 1970. (Present authorization for these programs expires with fiscal year 1969.) In addition, this section authorizes an appropriation of \$115 million for fiscal year 1970 for grants for water and sewer projects.

Open space land program

Section 606.—Amends section 702(b) of the Housing Act of 1961 to convert the funding provision for contracts under the open space land program from contract authority to regular authorization for appropriation and authorizes the appropriation of the unused portion of contract authority. This section would also increase the appropriation authority by \$150 million in fiscal year 1970. This section would further increase the amount of grant funds which can be used annually for studies and publications from \$50,000 to \$125,000.

Authorize the making of feasibility studies in the public works planning advances program

Section 607.—Amends section 702(a) of the Housing Act of 1954 to clarify the authority of the Secretary of HUD to make advances for the conduct of feasibility studies regarding specific public works, the planning of which may be assisted under section 702.

TITLE VII—URBAN MASS TRANSPORTATION Grant authorizations

Section 701.—Amends section 4(b) of the Urban Mass Transportation Act of 1964 to authorize an appropriation of \$190 million for fiscal year 1970. In addition, it would increase the amount of funds which may be used from the current authorization for research development and demonstration programs by \$6 million for fiscal year 1969 and would authorize the Secretary after fiscal year 1969 to use for research and demonstration activities such funds as he deems appropriate from those authorized in section 4(b) of the 1964 act.

Definition of mass transportation

Section 702.—Amends section 12(c)(5) of the Urban Mass Transportation Act of 1964 to broaden the statutory definition of "mass transportation." The broadened definition would permit greater flexibility in developing and applying new concepts and systems in urban mass transportation programs.

Extension of emergency program under the Urban Mass Transportation Act

Section 703.—Amends section 5 of the Urban Mass Transportation Act of 1964 to extend the emergency provisions of the mass transportation program from November 1, 1968, to July 1, 1970.

Non-Federal share of net project cost

Section 704.—Amends sections 4(a) and 6 of the Urban Mass Transportation Act of 1964 to permit private transit companies to furnish up to 50 percent of the local share of the net project cost of a mass transit project or in cases of an applicant's (State or local public body) financial inability to put up any portion of the local share, private companies would be permitted to put up 10 percent of such share.

TITLE VIII—SECONDARY MORTGAGE MARKET Purposes

Section 801.—States that the purpose of this title is to partition the Federal National Mortgage Association into two corporations

(1) Government National Mortgage Association (GNMA); and (2) Federal National Mortgage Association (FNMA).

Amendments to the Federal National Mortgage Association Charter Act

Section 802.—Amends the Federal National Mortgage Association Charter Act (title III) of the National Housing Act to establish—

(a) *Government National Mortgage Association:*

Would operate existing special assistance and management and liquidating functions, and

Would be administered by Secretary of Housing and Urban Development (now under FNMA Board of Directors and a President).

(b) *Federal National Mortgage Association:*
Purpose.—Would operate a privately financed secondary mortgage market for government supported mortgages.

Board of Directors.—Would consist of 15 members of which five would be appointed annually by the Secretary of Housing and Urban Development. The remaining members would be elected by the stockholders. Of those members appointed by the Secretary, one shall be from the homebuilding industry, one from the real estate industry, and one from the mortgage lending industry.

Powers of Secretary of Housing and Urban Development.—Would have regulatory powers, including a requirement that a reasonable portion of mortgage purchases relate to low and moderate income housing; also issuance of securities would be subject to his approval.

Treasury-held preferred stock.—Would be retired as rapidly as possible after effective date.

Common stock.—Would continue to require mortgage sellers to purchase common stock; also each mortgage servicer would be required to hold up 2 percent of mortgages serviced in common stock.

Participations

Section 803.—Amends section 302(c) of the Federal National Mortgage Association Charter Act to permit GNMA, as trustee under trusts created for sales of participation certificates, to issue such certificates for refinancing purposes without regard to the requirement of appropriation act authority. Any appropriation for insufficiencies accompanying the original authorization would apply as well to any "rollover" sale.

Mortgage-backed securities

Section 804.—Amends section 304 of such act to authorize the new Federal National Mortgage Association to issue securities backed by an earmarked pool of portfolio mortgages. This section would also authorize the Government National Mortgage Association to guarantee such securities as well as those issued by approved private issuers.

Subordinated and convertible obligations

Section 805.—Amends section 304 of such act to authorize the Federal National Mortgage Association to issue subordinated obligations up to twice its capital and surplus.

Special assistance authorization

Section 806.—Amends section 305(c) of such act to authorize an additional \$500 million for the purchase of mortgages by the Government National Mortgage Association in its special assistance function.

Amendments to other laws

Section 807.—Makes numerous changes in other laws necessitated by the establishment of the new Federal National Mortgage Association and the new Government National Mortgage Association.

Effective date

Section 808.—Provides that the partition of the existing Federal National Mortgage Association would become effective no more than 120 days following the enactment of this act.

Savings 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, mortgage lending, real estate, and related industries but no sooner than May 1, 1970, or later than 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 Secretary's appointees would have to be the President of FNMA.

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 Partnership would form partnership ventures with local investors for the construction of housing for low and moderate income families.

The title would authorize the creation of federally chartered privately funded corporations to be organized under the District of Columbia Business Corporation Act. Such a corporation in turn would form a partnership organized under this title and under the District of Columbia Uniform Limited Partnership Act. The federally chartered Corporation would serve as the general partner and managing agent of the National Partnership and each of the stockholders and others could be limited partners. The Corporation would provide the staff and expertise for the Partnership in connection with the organization and planning of specific local project undertakings in which the National Partnership would have an interest.

TITLE X—RURAL HOUSING

Housing for low and moderate income persons and families

Section 1001.—Adds a new section 521 to title V of the Housing Act of 1949 to authorize the Secretary of Agriculture to make direct and insured loans with interest-rate subsidies in rural areas to low and moderate income persons and families and to provide rental or cooperative housing for such persons and families where such persons and families are unable to obtain housing under sections 235 and 236 of the National Housing Act, proposed by sections 101 and 201 of this bill.

Housing for rural trainees

Section 1002.—Adds a new section 522 to title V of the Housing Act of 1949 to authorize financial and technical assistance to States or political subdivisions thereof, or any public or private nonprofit organization to provide, in rural areas, housing and related facilities for rural trainees (and their families) enrolled in federally assisted training courses to improve their employment capabilities when the Secretary determines that such housing and facilities could not be reasonably provided in any other way.

Appropriations

Section 1003.—Amends section 513 of the Housing Act of 1949 to authorize appropria-

tions to the Secretary of Agriculture for the cost of carrying out his administrative functions under sections 235 and 236 of the National Housing Act.

Purchase of land for building sites

Section 1004.—Amends section 514(f) (2) of the Housing Act of 1949 to broaden the eligibility purposes of domestic farm labor housing loans to include the purchase of necessary land for building sites.

TITLE XI—NATIONAL INSURANCE DEVELOPMENT CORPORATION

Short title

Section 1101.—Adds new title to be referred to as "The National Insurance Development Corporation Act of 1968."

Findings and declaration of purpose

Section 1102.—Includes a finding that the unavailability of property insurance in inner-city areas is accelerating the deterioration and threatening the economic well-being of cities. States that the purpose of the bill is to encourage the development of statewide programs to increase the availability of property insurance and to provide Federal reinsurance with appropriate State sharing in reinsured losses due to civil disorders.

Amendment of the National Housing Act

Section 1103.—Adds a new title XII to the National Housing Act to establish the National Insurance Development Corporation. The provisions of the proposed new title are summarized briefly below.

Creation and dissolution of National Insurance Development Corporation

Section 1201.—Creates the National Insurance Development Corporation within the Department of Housing and Urban Development, under the authority of the Secretary.

Executive director

Section 1202.—Provides that, subject to section 1201 the management of the Corporation shall be vested in an Executive Director appointed by the President, by and with the advice and consent of the Senate.

Advisory Board, meetings, duties, compensation, and expenses

Section 1203.—Establishes a 19-member Advisory Board appointed by the Secretary.

Definitions

Section 1204.—Contains definitions in this title.

Part A—Statewide Plans To Assure Fair Access to Insurance Requirements

Fair plans

Section 1211.—Requires every insurer reinsured by the Corporation to cooperate with the State insurance authority, in each State in which it acquires reinsurance, in establishing and carrying out statewide plans to assure fair access to insurance requirements ("FAIR" Plans). These plans, which must be approved by the State insurance authority or authorized by State law, are to be administered under the supervision of the State insurance authority and designed to make essential property insurance more readily available in, but not limited to, urban areas.

All industry placement facility

Section 1212.—Requires all plans to include an all-industry placement facility, doing business with all participating insurers, to help agents and brokers to place insurance up to the full insurable value of a property.

Industry cooperation

Section 1213.—Requires every participating insurer to pledge with the State insurance authority its full participation and cooperation of the plan and the need to form a pool or to adopt other programs to make essential property insurance more readily available.

Plan evaluation

Section 1214.—Provides for transmission of copies of plans and amendments by State

insurance authorities to the Corporation and for these authorities to advise the Corporation with regard to the operation of the plan and the need to form a pool or to adopt other programs to make essential property insurance more readily available. The Corporation may modify plan criteria as may be necessary or desirable and upon certification by the State insurance authority waive compliance with one or more of the plan criteria.

Part B—Reinsurance Coverage

Reinsurance of losses from riots or civil disorders

Section 1221.—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 insurer is participating in the State's plan under part A.

Reinsurance agreements and premiums

Section 1222.—Authorizes the Corporation to provide reinsurance, to reimburse the insurer for losses in excess of the insurer's retention, at premium rates adequate to provide premiums which will exceed in aggregate amount the insured riot losses in 1967, and provides that thereafter the Corporation may adjust reinsurance premium rates as may be necessary or appropriate after consultation with the Board and the National Association of Insurance Commissioners.

Conditions of reinsurance

Section 1223.—Provides the conditions under which the Corporation will terminate existing reinsurance coverage and will not offer new coverage for insurance written after the termination date, including such conditions as State assumption of a share of reinsured losses, the adoption of additional programs such as pools, and insurer participation in State plans and programs.

Recovery of premiums: statute of limitations

Section 1224.—Authorizes the Corporation to recover any unpaid premiums for reinsurance; imposes a 5-year statute of limitations on the recovery by an insurer of excess premiums paid to the Corporation or the recovery by the Corporation of reinsurance premiums due to it.

Part C—Provisions of General Applicability

Claims and judicial review

Section 1231.—Authorizes the Corporation to adjust and pay claims for proved and approved losses, and allows a claimant to institute any action in the U.S. district court within 1 year after receipt of notice of disallowance of a claim.

Fiscal intermediaries and servicing agents

Section 1232.—Authorizes the Corporation to contract with any insurer, pool, or other person or organization for estimating or determining reinsurance claim payment amounts, receiving, disbursing, and accounting for reinsurance claim payments, auditing insurers' records to assure proper payments, establishing the basis of reinsurance liability, and otherwise assisting in carrying out the purposes of the title.

National insurance development fund

Section 1233.—Provides for the establishment of a national insurance development fund to be available to the Corporation without fiscal year limitation to pay reinsurance claims, to pay administrative expenses, and to repay with interest amounts borrowed under section 520(b) of the National Housing Act.

Records, annual statements, and audits

Section 1234.—Requires reinsured 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; author-

izes 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 activities.

Study of reinsurance and other programs

Section 1235.—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 surety bonds for construction contractors 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 1236.—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 1237.—Authorizes the Corporation to have a corporate seal, to sue and be sued (with all civil actions in which the Corporation is a party deemed to arise under the laws of the United States), to enter into and perform contracts, leases, and other agreements without competitive bidding; to employ a staff; to make necessary or appropriate rules and regulations; and to exercise all powers specifically granted by the title and such incidental powers as are necessary to carry out its purposes.

Service and facilities of other agencies—utilization of personnel, services, facilities, and information

Section 1238.—Authorizes the Corporation, with the consent of the agency concerned, to utilize the 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.

Advance payments and finality of certain financial transactions

Section 1239.—Provides that the Corporation's financial transactions relating to reinsurance shall be final and conclusive on all officers of the United States and that the Corporation may make reinsurance payments in advance or by way of reimbursement and in such installments and on such conditions as it may determine.

Taxation

Section 1240.—Exempts the Corporation from local, State or Federal taxation and provides that any State undertaking measures in meeting its obligations for reinsured losses shall not be subject to retaliatory or fiscal imposition by any other State.

Annual report

Section 1241.—Requires the Secretary to include a report on the operations of the Corporation in his annual report.

Appropriations

Section 1242.—Authorizes to be appropriated such sums as may be necessary to carry out this title.

Financing

Section 1104.—Amends section 520(b) of the National Housing Act to authorize the Secretary to borrow funds necessary to pay for reinsured losses under title XII of the act.

Government Corporation Control Act

Section 1105.—Defines the National Insurance Development Corporation as a wholly owned Government corporation under the Government Corporation Control Act.

Compensation of executive director

Section 1106.—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 disasters

Section 1107.—Would amend other acts to include "riot or civil disaster" in the definitions of "disaster" or "catastrophe."

TITLE XII—NATIONAL FLOOD INSURANCE ACT OF 1968

Short title

Section 1201.—Adds new title to be referred to as "National Flood Insurance Act of 1968."

Findings and declaration of purpose

Section 1202.—States that a flood insurance program is feasible and can be initiated, and should complement and encourage measures to prevent flood damage; that if the program is commenced on a gradual basis, time and experience will enable it to be reappraised and expanded; that the program can be carried out most effectively through a cooperative effort on the part of the Federal Government and the private insurance industry; and that a critical ingredient of such a program will be the encouragement of State and local governments to adopt land use regulations to govern the development of land exposed to flood damage. Calls for the President to submit to the Congress, within 2 years, a unified national program for flood plain management, including any further proposals for the allocation of costs among beneficiaries of flood protection.

Amendments to the Federal Flood Insurance Act of 1956

Section 1203(a).—Amends section 15(e) of the Federal Flood Insurance Act of 1956. That section vested the Administrator of the Housing and Home Finance Agency with authority to borrow \$500 million in the aggregate (or greater sums if authorized by the President) from the Secretary of the Treasury. The amendment in section 1203(a) relates to the interest formula which is to apply to borrowed funds. Under section 1210 of the bill, the borrowing authority would be made specifically available to the Secretary of Housing and Urban Development to carry out responsibilities which would be vested in him under the bill.

Section 1203(b).—Strikes out obsolete language from section 15(e) of the Federal Flood Insurance Act of 1956.

Section 1203(c).—Repeals all sections of the Federal Flood Insurance Act of 1956, except section 15(e), relating to Treasury borrowing authority.

Definitions

Section 1204.—Defines: (1) "flood" as having such meaning as prescribed in regulations of the Secretary, and including inundation from the overflow of streams, rivers, or other bodies of waters, and from tidal surges, abnormally high tidal water, tidal waves, hurricanes, and other severe storms or deluge; (2) "United States" and "State" as including the several States, the District of Columbia, the territories and possessions, and the Commonwealth of Puerto Rico; (3) "insurance company," "other insurers," "insurance agents and brokers," to include any organizations or individuals authorized to engage in the insurance business under the laws of any State; (4) "insurance adjustment organizations" to include any organizations or persons engaged in the business of adjusting loss claims arising under insurance policies issued by licensed insurance companies or other insurers; (5) "person" as any individual, group of individuals, corporation, partnership, association, or other organized group, including State and local governments and agencies; and (6) "Secretary" as the Secretary of Housing and Urban Development.

Chapter I—The National Flood Insurance Program

Basic authority

Section 1205(a).—Authorizes the Secretary of Housing and Urban Development to establish and carry out a program to facilitate the purchase of flood insurance to provide against physical damage to real or personal property resulting from flood.

Section 1205(b).—Provides that this program shall be implemented to the maximum extent practicable, through arrangements for financial participation and risk sharing by companies in the private insurance industry, and by other appropriate participation on a non-risk-sharing basis by insurance companies, agents, brokers, or adjustment organizations.

Scope of program and priorities

Section 1206(a).—Authorizes the Secretary to make the flood insurance program available initially for one- to four-family residential properties.

Section 1206(b).—Authorizes the Secretary to extend coverage of the flood insurance program when, on the basis of studies and other information, he determines that extension would be feasible. Future coverage of the program could be extended to: (1) Other residential properties, (2) business properties, (3) agricultural properties, (4) properties occupied by private nonprofit organizations, and (5) properties owned by State and local governments and agencies thereof.

Section 1206(c).—Provides that flood insurance will be made available in only those States or areas (or subdivisions of areas) which the Secretary determines had evidenced a positive interest in the flood insurance program, and had given satisfactory assurances that by June 30, 1970, permanent land use and control measures, consistent with criteria prescribed in section 1261, or for land management and use, have been adopted, and that application and enforcement of these measures would commence as soon as technical information on floodways and on controlling flood elevations was available.

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

Nature and limitation of insurance coverage

Section 1207(a).—Authorizes the Secretary, after consultation with the flood insurance advisory committee, and representatives of the State insurance commissioners, to provide by regulation for the general terms and conditions of insurability applicable to properties eligible for flood insurance. A representative organization of all State insurance authorities, such as the National Association of Insurance Commissioners, will be called upon for purposes of consulting State insurance authorities. These terms and conditions will include the types and locations of eligible properties; the nature and limits of insurable losses; the classification, limitation, and rejection of risks; and appropriate minimum premiums and loss-deductibles.

Section 1207(b).—Provides that insurance coverage for one- to four-family residential properties will be limited to \$15,000 aggregate liability for any dwelling unit and \$30,000 for any dwelling structure of from two to four units. Liability for personal property will be limited to \$5,000 for the contents of each dwelling unit. Both real property and contents will be subject to an appropriate loss-deductible clause. For any other properties which will become eligible for flood insurance coverage in the future (such as small business properties), the aggregate liability for any single structure will be \$30,000. These limits will apply to any insurance sold at premiums below full actuarial cost. Insurance coverage could be doubled under this section, but any excess over the limits specified will require the payment of premium rates at full cost.

Estimates of premium rates

Section 1208(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 below full cost, if necessary) which would be reasonable, would encourage the purchase of flood insurance, and would be consistent with the purposes of the act, and (3) the extent to which federally assisted or other flood protection measures initiated after the effective date of the act affect the estimates of rates mentioned in (1) and (2). The Secretary will base estimates of risk premium rates on a consideration of the risks involved and accepted actuarial principles. The rates will reflect applicable operating costs and allowances of participating private insurers, and, on a discretionary basis, non-developmental Federal administrative expenses which may be incurred in carrying out the flood insurance program.

Section 1208(b).—Provides that, in conducting the necessary rate studies and investigations, the Secretary shall, to the extent feasible, utilize the services, or a reimbursement basis, of the Army Corps of Engineers, the Geological Survey, the Soil Conservation Service, the Environmental Science Services Administration, the Tennessee Valley Authority, and other appropriate Federal departments and agencies.

Section 1208(c).—Requires the Secretary to give priority to those States or areas that have evidenced a positive interest in flood insurance, in making rate studies and investigations.

Establishment of chargeable premium rates

Section 1209(a).—Authorizes the Secretary, after consultation with the flood insurance advisory committee and representatives of the State insurance authorities, to establish chargeable premium rates and the areas, terms and conditions for the application of such rates. Rates will be determined on the basis of estimates made under section 1208 and other necessary information.

Section 1209(b).—Provides that, in prescribing chargeable rates, the Secretary shall be guided by a number of factors, including the consideration of the respective risks involved, the differences in risk due to land use measures, floodproofing, flood forecasting and similar measures. The Secretary would be authorized to prescribe chargeable rates at reasonable levels, lower than those at full cost where necessary, in order to encourage the purchase of flood insurance. In low-risk areas the chargeable rate for existing properties will be the same or close to the estimated full cost rate. The higher the flood risk for an area, the lower the chargeable rate would be, in relation to the estimated full-cost rate. Under this section, all chargeable rates will be stated so as to reflect their basis, including any differences from the estimated full-cost risk premium rates.

Section 1209(c).—Provides that after an area has been identified as being flood-prone and this information was published in the area, then newly constructed property or substantially improved property can be insured only at rates which are not less than the estimated (full cost) risk premium rate.

Section 1209(d).—Provides that where any chargeable premium rate is equal to the estimated risk premium rate (full cost) for the area, and if the rates include any amount for administrative expenses of the Federal Government in carrying out the flood insurance program (in the Secretary's discretion under section 1208), a sum equal to that amount is to be paid to the Secretary to be deposited in the insurance fund.

Treasury borrowing authority

Section 1210(a).—Provides that the authority vested in the Housing and Home Finance Administrator by section 15(e) of the Federal Flood Insurance Act of 1956 (pertaining to the issue of notes or other obliga-

tions to the Secretary of the Treasury) shall be vested in the Secretary.

Section 1210(b).—Requires that borrowed Treasury funds must be deposited in the national flood insurance fund established under section 1211.

National flood insurance fund

Section 1211(a).—Authorizes the Secretary to establish in the U.S. Treasury a national flood insurance fund. Premium equalization payments to the insurance pool, reinsurance claims of the pool, and repayments of borrowed moneys to the Secretary of the Treasury (available from appropriations or reinsurance premiums) will be charged to the fund. Administrative expenses of carrying out the program may also be paid out of the fund.

Section 1211(b).—Requires the fund to be credited with: (1) Borrowed Treasury funds, (2) reinsurance premiums payable by the insurance pool, (3) amounts advanced to the fund from appropriations in order to maintain it on adequate levels, (4) interest on the investment of surplus amounts in the fund, (5) administrative expenses included in chargeable premium rates and which have been paid to the Secretary, and (6) receipts from other operations incident to the insurance program; and, in the event the flood insurance program is carried out through the facilities of the Federal Government, the insurance premiums paid.

Section 1211(c).—Authorizes the Secretary of the Treasury to invest surplus moneys in the fund in obligations issued or guaranteed by the United States, if: (1) All outstanding obligations have been liquidated, and (2) any outstanding amounts that have been advanced to the fund from appropriations for reinsurance payments to the pool have been credited to that appropriation, with interest accrued at a rate based on the average current yield on outstanding marketable obligations of the United States of comparable maturities.

Section 1211(d).—Provides that the fund will be available to finance the operation of the flood insurance program if the Secretary finds that it should, in whole or in part, be carried out through the facilities of the Federal Government, including costs incurred in the adjustment and payment of loss claims and payment of applicable operating costs of private insurers if such companies are involved. Any premiums paid are to be deposited in the fund.

Operating costs and allowances

Section 1212(a).—Directs the Secretary to negotiate with appropriate representatives of the insurance industry, from time to time, for the purpose of prescribing a current schedule of operating costs applicable to risk-sharing and non-risk-sharing participants in the flood insurance program, and a current schedule of operating allowances (profits) applicable to risk-sharing insurers. These schedules will be prescribed in regulations.

Section 1212(b).—Specifies that operating costs include: (1) Expense reimbursements covering the expenses of selling and servicing the insurance, (2) reasonable compensation or commissions payable for selling and servicing the insurance, (3) loss adjustment expenses, and (4) other expenses which the Secretary finds were incurred in selling or servicing the insurance. Operating allowances include amounts for profit and contingencies which the Secretary finds reasonable and necessary.

Payment of claims

Section 1213.—Authorizes the Secretary to prescribe regulations establishing methods for the adjustment and payment of claims for losses to property insured under the flood insurance program.

Dissemination of flood insurance information

Section 1214.—Directs the Secretary to make information and data available to the

public and to any State and local agency regarding: (1) The coverage and objectives of the flood insurance program, and (2) estimated and chargeable flood insurance premium rates, and the basis for the difference between such rates.

Prohibition against certain duplications of benefits

Section 1215(a).—Contains provisions which will prevent Federal disaster assistance from being made available to compensate for any loss to the extent it is covered by flood insurance. Also provides that no such assistance shall be made available to the extent losses of real or personal property could have been covered (at the maximum limits) if flood insurance was actually available more than 1 year prior to the loss. Authority is provided for the Secretary to prescribe, by regulations, an exception to this latter provision for low-income persons who might otherwise benefit from such assistance.

Section 1215(b).—Provides that "Federal disaster assistance" includes any Federal financial assistance made available to any person as a result of: (1) A major disaster, as determined by the President pursuant to "An Act to authorize Federal Assistance to State and local governments in major disasters, and for other purposes" (42 U.S.C. 1855-1855g); (2) a natural disaster, as determined by the Secretary of Agriculture pursuant to section 321 of the Consolidated Farmers Home Administration Act of 1961; (3) a disaster with respect to which loans may be made under section 7(b) of the Small Business Act.

Section 1215(c).—Makes the term "financial assistance" as used in section 10 of the Disaster Relief Act of 1966 (which directs that Federal assistance programs be administered to avoid duplication of benefits) include flood insurance.

State and local land use controls

Section 1216.—Provides that after June 30, 1970, no new flood insurance coverage (including renewals) will be provided in any area unless an appropriate public body had adopted permanent land use and control measures, with effective enforcement provisions, which the Secretary finds consistent with the comprehensive criteria for land management and use prescribed under section 1261.

Properties in violation of State and local law

Section 1217.—Prohibits any new flood insurance (including renewals) for property which violates State or local laws, regulations, or ordinances which are intended to discourage or otherwise restrict land development or occupancy in flood-prone areas.

Coordination with other programs

Section 1218.—Directs the Secretary to consult with Federal, State and local agencies having responsibilities for flood control, flood forecasting, and flood damage prevention, in order to assure mutual consistency between the programs of such agencies and the flood insurance program.

Advisory committee

Section 1219(a).—Directs the Secretary to appoint a flood insurance advisory committee. The purpose of the committee is to advise the Secretary with respect to the administration of this act and in the preparation of the regulations prescribed in the act.

Section 1219(b).—Provides that the committee shall consist of not more than 15 persons selected from: (1) The insurance industry, (2) State and local governments, (3) lending institutions, (4) the home-building industry, and (5) the general public.

Section 1219(c).—Provides that committee members, while attending conferences or meetings, will be compensated at a rate fixed by the Secretary not to exceed \$100 a day and to also receive travel and living expenses when serving away from their homes or regular places of business.

Initial program limitations

Section 1220.—Provides that the face amount of flood insurance coverage outstanding and in force at any given time cannot exceed \$2.5 billion.

Report to the President

Section 1221.—Directs the Secretary to include a report on the operations of the flood insurance program provided for under this act in his annual report to the president for submission to the Congress.

Chapter II—Organization and Administration of the Flood Insurance Program

Organization and administration

Section 1230.—Directs the Secretary, after such consultation with representatives of the insurance industry as may be necessary, to implement the flood insurance program by providing for an industry program with Federal financial assistance. In the event this program proves unworkable, the Secretary is directed to provide for a Federal program with industry assistance.

Part A—Industry Program With Federal Financial Assistance

Industry flood insurance pool

Section 1231(a).—Authorizes the Secretary to encourage and assist private insurers to join together in a pool to provide flood insurance coverage and to participate financially in underwriting the risk assumed and in assuming responsibility for some proportion of claims for losses.

Section 1231(b).—Authorizes the Secretary to prescribe requirements for private insurers participating in the pool, including, but not limited to, minimum requirements for capital or surplus or assets.

Agreements with flood insurance pool

Section 1232(a).—Authorizes the Secretary to enter into agreements with any insurance pool as he deems necessary to carry out the purposes of this act.

Section 1232(b).—Provides that any agreement with a pool shall specify the terms and conditions under which: (1) Risk capital will be available for the adjustment and payment of claims, (2) the pool and its participants will participate in premiums received and profits or losses, (3) the maximum amount of profit which may be realized as established by the Secretary under section 1212, (4) operating costs prescribed under section 1212 and allowances are to be paid, and (5) premium equalization payments and reinsurance claims will be paid.

Section 1232(c).—States that the agreements will also contain such provisions as the Secretary finds necessary to assure that: (1) No qualified insurer wishing to participate in the pool will be excluded, (2) insurers participating in the pool will provide continuity of flood insurance coverage, and (3) other insurance companies, agents, and brokers will to the maximum extent practicable be permitted to cooperate with the pool as fiscal agents or otherwise on a non-risk-sharing basis. This section assures that no insurance companies shall be excluded from the program on the basis of considerations such as size.

Judicial Review

Section 1233.—Authorizes private insurers participating in the pool to adjust and pay claims for losses and permits any claimant, upon disallowance of a claim, or upon the claimant's refusal to accept the amount allowed on a claim, to institute an action, within 1 year after notice of disallowance is mailed, in the U.S. district court for the district in which the insured property or the major portion of it was situated. Jurisdiction would be conferred on the district court without regard to the amount in controversy. Claimants could also avail themselves of legal remedies in State courts.

Premium equalization payments

Section 1234(a).—Directs the Secretary, on such terms and conditions as he shall provide, to make periodic payments to the pool in recognition of any reduction made in chargeable premium rates under estimated risk premium rates in order to provide flood insurance on reasonable terms.

Section 1234(b).—Provides that payments 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 ceding reinsurance in accordance with section 1235.

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 claim payments.

Section 1234(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 1235(a).—Authorizes the Secretary to take such action as may be necessary to make available reinsurance coverage to the insurance pool for excess losses.

Section 1235(b).—Authorizes entering into contracts, agreements or other arrangements to provide reinsurance, in consideration of premiums, fees, or other charges as the Secretary finds necessary to cover anticipated losses.

Section 1235(c).—Authorizes the Secretary to negotiate an excess loss agreement with the insurance industry pool whereby claims above a certain limit will be submitted to the Secretary on a portfolio basis, and paid by the Federal Government.

Section 1235(d).—Provides that reinsurance claims must be submitted on a portfolio basis, in accordance with terms and conditions as may be established by the Secretary.

Section 1235(e).—Provides that such pool shall make no distribution of earnings for a period of up to 5 years based on flood insurance premiums, unless the aggregate cumulative premiums, fees, or other charges established for excess loss reinsurance under subsection (b) and collected for deposit in the national flood insurance fund exceeds the aggregate cumulative expenses paid for reinsurance claims by such fund.

Part B—Government Program

Federal operation of the program

Section 1240(a).—Authorizes the Secretary, after consultation with representatives of the insurance industry if he makes a determination that the flood insurance program cannot be effectively carried on through the insurance pool, to take the necessary steps to operate the program through the facilities of the Federal Government, either by: (1) Utilizing insurance companies, other insurers, agents, brokers, and adjustment organizations as fiscal agents of the United States, (2) by utilizing employees of the Department of Housing and Urban Development or other Government employees (by arrangement with the heads of other agencies), or (3) by a combination of alternatives (1) and (2) above.

Section 1240(b).—Provides that at least 90 days before an all-Federal program of insurance is entered into by the Secretary, during all of which time Congress shall be in session, he shall make a report to the Congress which will: (1) State the reasons for his determination that a program under the industry-Government option in part A cannot be carried out, (2) support such determination by pertinent findings, (3) indicate the extent to which he anticipates the in-

dustry will be utilized in the all-Federal program, and (4) make any other recommendations he deems advisable.

Adjustment and payment of claims

Section 1241.—Authorizes the Secretary to adjust and pay claims, and authorizes any claimant, 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 partial disallowance, is mailed, in the U.S. district court for the district in which the insured property or the major portion of it was situated. Jurisdiction would be conferred on the district court without regard to the amount in controversy.

Part C—Provisions of General Applicability Services by insurance industry

Section 1245(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 payment of applicable operating costs and allowances for such facilities and services.

Section 1245(b).—Exempts any such arrangements from any provisions of Federal law requiring competitive bids or requiring that contracts or purchases of supplies or services by the Federal Government be made only after advertisement 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(a).—Authorizes the Secretary to enter into contracts with any pool, insurance company, or other private organizations he finds acceptable for use as fiscal intermediaries. Such intermediaries could (1) estimate and determine amounts of Federal payments, and (2) audit participating insurers, agents, brokers, or adjustment organizations, as may be necessary to assure that proper payments are made.

Section 1246(b).—Provide that any contract may contain provisions necessary to carry out the Secretary's responsibilities, under the provisions of the act.

Section 1246(c).—Provides that contracts authorized by this section would be exempted from any provisions of Federal law requiring competitive bidding or requiring that contracts or purchases of supplies or services by the Federal Government be made only after advertisement is provided for a sufficient time to allow competitive proposals to be made.

Section 1246(d).—Requires a finding by the Secretary that the contracting party can perform its obligations efficiently and effectively before a contract can be entered into.

Section 1246(e).—Provides that the Secretary is authorized to require a safety bond from any organization performing responsibilities under the authority granted and any of its officers and employees. No individual designated to certify payments will be liable with respect to payments certified by him in the absence of gross negligence or intent to defraud the United States. No officer disbursing funds in accordance with a proper certification of payments would be liable with respect to such payments in the absence of gross negligence or intent to defraud the United States.

Section 1246(f).—Specifies that contracts will be automatically renewable from year to year in the absence of notice from either party as to termination, except that the Secretary may terminate a contract after reasonable notice if he determines that the other party has substantially failed in its obligations or in carrying them out in a manner inconsistent with the efficient and effective administration of the flood insurance program.

Settlement and arbitration

Section 1247(a).—Authorizes the Secretary to make final determination and settlement

of any claims arising from the financial transactions which he is authorized to carry out under the act. The Secretary may, however, refer such disputes to arbitration.

Section 1247(b).—Specifies that this arbitration would only be advisory in nature.

Records and audit

Section 1248(a).—Provides that any flood insurance pool receiving financial assistance under the program, and any pool, company, or other private organization which has entered into any contract, agreement, or other arrangement with the Secretary under parts B and C of chapter II, shall keep such records as the Secretary prescribes. Such records are to fully disclose the total costs of the programs undertaken or services rendered, so as to facilitate an effective audit.

Section 1248(b).—Provides that the Comptroller General and the Secretary (or their duly authorized representatives shall have access to any books, documents, papers, and records of the pool, insurance company or other private organizations, which are pertinent to the costs of the programs set forth in this act.

Chapter III—Coordination of flood insurance with land-management programs in flood-prone areas

Identification of flood-prone areas

Section 1260.—Authorizes the Secretary, utilizing the Army Corps of Engineers, the Geological Survey, the Soil Conservation Service, the Environmental Science Services Administration, TVA, and other Federal departments and agencies, to identify and publish information within 5 years after the effective date of the act with respect to all flood plain areas, including coastal areas in the United States, which have special flood hazards. The Secretary is also required to establish within 15 years, flood risk zones in these areas and to make estimates with respect 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 carry out studies or investigations with regard to the adequacy of State and local measures in flood-prone areas, as to land management and use, flood control, flood zoning, and flood damage prevention.

Section 1261(b).—Provides that these studies and investigations deal with laws, regulations or ordinances relating to encroachments and obstructions on stream channels and floodways, the orderly development and use of flood plains of rivers or streams, floodway encroachment lines or flood plain zoning, building codes, building permits, and subdivisions or other building restrictions.

Section 1261(c).—Provides that based on his studies and investigation, the Secretary is authorized to develop comprehensive criteria designed to encourage, where necessary, the adoption of permanent State or local measures which will lessen the exposure of property and facilities to flood losses, improve the long-range management and use of flood-prone areas, and inhibit, to the maximum extent feasible, unplanned and economically unjustifiable future development in such areas. The Secretary is also authorized to work closely with and provide any necessary technical assistance to State, interstate, and local governmental agencies to encourage the application of such criteria and the adoption and enforcement of such measures as may be necessary to help in reducing any unnecessary damages resulting from floods.

Purchase of certain insured properties

Section 1262.—Authorizes the Secretary to negotiate with owners of real property covered by flood insurance which are located in any flood-risk area, and damaged substantially 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 purposes as the Secretary may, by regulation, determine to be consistent with sound land use and management. This authority is voluntary and no property owner would be required to sell or lease his property to the Secretary.

Chapter IV—Appropriations and miscellaneous provisions

Studies of other natural disasters

Section 1270(a).—Authorizes the Secretary to make studies to determine the extent to which insurance protection against earthquakes 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 reimbursement basis, or with State and local agencies.

Payments

Section 1271.—Vests discretion in the Secretary to make payments under this program in advance of their actual need, or by way of reimbursement.

Government Corporation Control Act

Section 1272.—Makes the provisions of the Government Corporation Control Act applicable in the administration of the flood insurance program to the same extent as applicable to wholly owned Government corporations.

Finality of certain financial transactions

Section 1273.—Provides that any financial transaction under this act or payment received or made in connection therein shall be final and conclusive upon all officers of the Government.

Administrative expenses

Section 1274.—Provides that any administrative expenses of the Federal Government in carrying out the flood insurance program may be paid out of appropriated funds.

Appropriations

Section 1275(a).—Authorizes the appropriations necessary to carry out the flood insurance program, including sums to cover administrative expenses and to reimburse the national flood insurance fund for premium equalization payments and reinsurance 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 become effective 120 days following the date of enactment, except that the Secretary is authorized to extend the effective date up to 180 days after enactment if he finds conditions necessitate a long preparatory period.

TITLE XIII—INTERSTATE LAND SALES

Short title

Section 1301.—Provides that this title may be cited as "The Interstate Land Sales Full Disclosure Act".

Definitions

Section 1302.—Defines the terms contained in this title.

Exemptions

Section 1303(a).—Provides for specific exemptions from the provisions of the act.

Section 1303(b).—Provides that the Secretary of HUD may make exemptions 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.

Prohibitions relating to the sale or lease of lots in subdivisions

Section 1304(a).—Makes it unlawful for any developer or agent engaged in interstate commerce (1) to sell or lease any lot unless a statement of record is in effect pursuant to section 1307 and a printed property report is furnished to each purchaser in accordance with section 1308; (2) to employ any device, scheme, or artifice to defraud; to obtain money or property by means of a misrepresentation with respect to information in the statement of record or the property report or any other information; or to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit on the purchaser.

Section 1304(b).—Provides that a purchaser may revoke a contract or agreement of purchase if he is not given a copy of the property report before or at the time of his signing the contract. Where the purchaser does not receive the property report 48 hours before signing the contract, he may revoke it within 48 hours, unless the purchaser read the property report, and inspected the lot to be purchased before signing the contract and so stipulates in writing.

Registration of subdivisions

Section 1305(a).—Provides that a subdivision may be registered by filing a statement of record with the Secretary meeting the requirements of the act and the rules and regulations prescribed by the Secretary.

Section 1305(b).—Provides for payment to the Secretary by the developer of a registration fee not in excess of \$1,000 in accordance with a schedule to be fixed by regulations of the Secretary.

Section 1305(c).—Provides that the filing of a statement of record or an amendment takes place on its receipt accompanied by payment of the fee provided in subsection (b).

Section 1305(d).—Requires that information contained in or filed with a statement of record be available to the public under regulations prescribed by the Secretary.

Information required in statement of record

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

Taking effect of statements of record or amendments thereto

Section 1307(a).—Provides that a statement of record, or any amendment, 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, a developer may consolidate the statement with any prior statement of record offering subdivided land under the same promotional plan.

Section 1307(b).—Provides that the Secretary advise the developer within a reasonable time if the statement is materially defective. Such notification suspends the effective date until 30 days after a corrective filing is made. The developer may, however, request a hearing which must be held within 20 days of the Secretary's receipt of the request.

Section 1307(c).—Requires the developer to file an amendment to a statement if any change occurs subsequent to its effective date which affects any material fact required to be contained in the statement.

Section 1307(d).—Permits the Secretary to suspend a statement of record if it appears to him that it includes an untrue statement of a material fact or omits to state a material fact required to be stated or necessary to make the statement not misleading.

Section 1307(e).—Empowers the Secretary to make an examination to determine whether an order should be issued under subsection (d) and allows him to have access to and demand production of any relative

books and papers of the developer, his agent, or any other person when the matter is relevant to the examination.

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

Information required in property report

Section 1308(a).—Provides that a property report shall contain any information in the statement of record that the Secretary deems necessary, as well as any other information prescribed under rules and regulations of the Secretary as necessary or appropriate.

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 of Housing and Urban Development shall cooperate with State authorities responsible for regulating the sale of lots in subdivisions subject to the act. It permits the Secretary to accept for filing under, and declare effective as a statement of record, material filed with and found acceptable by such authorities.

Section 1309(b).—Provides that nothing in the act shall affect the jurisdiction of any State real estate commission.

Civil liabilities

Section 1310.—Provides for civil liabilities against a developer or agent who sells or leases lots in a subdivision in violation of the provisions of the act.

Court review of orders

Section 1311(a).—Permits any person aggrieved by an order or determination of the Secretary, which was issued after a hearing, to obtain review in the U.S. court of appeals for the circuit in which the person resides or has his principal place of business or in the U.S. Court of Appeals for the District of Columbia.

Section 1311(b).—Provides that commencement of proceedings under subsection (a) will not stay the Secretary's order unless specifically ordered by the court.

Limitation of actions

Section 1312.—Bars the bringing of an action to enforce any liability created under section 1310 (a) or (b) (2) unless it is brought within 1 year after discovery of the untrue statement or the omission or after the discovery should have been made. If the action is to enforce a liability established under section 1310(b) (1), it must be brought within 2 years after the violation upon which it is based. No action under the act may be brought more than 3 years after the sale or lease of the property.

Contrary stipulations void

Section 1313.—Provides that any condition, stipulation, 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 1314.—Provides that rights and remedies under the act are in addition to other rights and remedies at law or equity.

Investigations, injunctions, and prosecution of offenses

Section 1315(a).—Authorizes the Secretary to file suit to prohibit violations of the act or any rule or regulation promulgated pursuant to the act in any U.S. district court or in the U.S. District Court for the District of Columbia. The Secretary is also authorized to transmit evidence concerning prohibited acts or practices to the Attorney General who may institute criminal proceedings.

Section 1315(b).—Authorizes the Secretary to initiate investigations to determine if any person has violated or is about to violate the act or rules or regulations prescribed pursuant to it.

Section 1315(c).—Empowers the Secretary or his designee to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memorandums, or other records relevant or material to an investigation or proceeding under the act.

Sections 1315 (d) and (e).—Provide for enforcement of subpoenas issued by the Secretary in the U.S. district courts and for procedures concerning attendance and testimony at hearings prescribed by the Secretary.

Administration

Section 1316(a).—Vests authority and responsibility for administering the act in the Secretary of Housing and Urban Development and gives him authority to delegate any functions, duties, and powers under the act to employees of the Department or to boards of such employees in accordance with the provisions of sections 3105, 3344, 3562, and 7521 of title 5 of the United States Code.

Section 1316(b).—Requires that hearings be public and appropriate records be kept.

Unlawful representations

Section 1317.—Provides that the fact that a statement of record has been filed or is in effect does not constitute a finding by the Secretary of Housing and Urban Development that it is true and accurate on its face or that the Secretary has passed on the merits or approved a subdivision.

Penalties

Section 1318.—Establishes penalties for any person who violates the provisions of the act or any rules any regulations issued pursuant to the provisions of the act. The maximum penalty is a fine of not more than \$5,000 or imprisonment for not more than 5 years, or both.

Rules, regulations, and orders

Section 1319.—Authorizes the Secretary of Housing and Urban Development to make, issue, amend, and rescind rules, regulations, and orders necessary or appropriate to the exercise of his functions and powers under the act.

Jurisdiction of offenses and suits

Section 1320.—Provides that the U.S. district courts and the U.S. District Court for the District of Columbia shall have jurisdiction of offenses and violations under the act and the rules and regulations prescribed pursuant to it. It provides these courts concurrent jurisdiction with State courts for all suits in equity or at law to enforce liabilities or duties created by this act.

Appropriations

Section 1321.—Authorizes appropriation to carry out the purposes of this act.

Effective date

Section 1322.—Provides that the act shall be effective 180 days after enactment.

TITLE XIV—TEN-YEAR HOUSING PROGRAM

Sections 1401-1404.—Adds new provisions to the housing laws requiring the President to submit a report, not later than January 15, 1969, containing a 10-year plan for the national housing needs, along with legislative recommendations for fulfilling these needs. In addition, these sections require annual reports to be made by the President on January 15, 1970, and on each succeeding year through 1978 showing the progress made under the plan and the reasons why, if any, the goals set forth in the plan have not been reached along with estimates of the need for the following year. This title also requires a final report to be submitted by January 15, 1979.

TITLE XV—MISCELLANEOUS

Model cities

Section 1501.—Amends section 111(a) of the Demonstration Cities and Metropolitan Development Act of 1966 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 1954 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 of capital grant funds available for demonstration projects from \$10 million to \$20 million.

Authorization for urban information and technical assistance services program

Section 1503.—Amends section 906 of the Demonstration Cities and Metropolitan Development Act of 1966 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 provide urban information and technical assistance services to communities of less than 100,000 population.

Advances in technology in housing and urban development

Section 1504.—Amends section 1010(d) of the Demonstration Cities and Metropolitan Act of 1966 to authorize the appropriation of such money as may be necessary to continue the advances in technology in housing and urban development programs authorized under section 1010. This section would also permit the letting of research contracts for periods of up to 4 years instead of the present authorized 2-year period.

College housing

Section 1505.—Amends title IV of the Housing Act of 1950 by adding to the existing college housing 3-percent direct loan program a new program of annual grants to cover the difference between the average annual debt service an educational institution is required to pay on borrowings from private sources and the average annual debt service it would be required to pay under the 3-percent rate presently available under the direct-loan program. Annual grants with respect to any project could be contracted to be made for periods up to 40 years. The total amount of annual contracts contracted to be made for this interest rate subsidy could not exceed \$10 million and this amount would be increased by an additional \$10 million on July 1, 1969.

Federal-State training programs

Section 1506.—Amends sections 801, 802, and 805 of title VIII of the Housing Act of 1964 to expand the program to permit grants to States for the training of subprofessional 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 assistant 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.

International housing

Section 1508.—Rewrites section 604 of the Housing Act of 1957 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 sponsored or attended by 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 (Technical).—Amends sections 3 and 17 of the United States Housing Act of 1937 to repeal language which is now obsolete.

Eligibility for rent supplement payments

Section 1510.—Extend eligibility to participate in rent supplement program to two projects in New York City.

Consolidation of the low-rent public housing in Washington, D.C.

Section 1511.—Allows the National Capital Housing Authority in Washington, D.C., to consolidate, pursuant to section 15(6) of the United States Housing Act of 1937, into its annual contributions contract for its 8,423 units of low-rent housing under title II of the District of Columbia Alley Dwelling Act, the operating income and operating expense accounts for its 72 units of low-rent housing under title I of such act.

Urban renewal project in Garden City, Mich.

Section 1512.—Makes local expenditures in construction of the Florence Primary School in Garden City, Mich., eligible as a local grant-in-aid to the Cherry Hill urban renewal project in Garden City, Mich.

Urban renewal project in Sacramento, Calif.

Section 1513.—Makes local expenditures in connection with the construction of a storm drainage stem eligible as a local grant-in-aid to the Capitol Mall Riverfront urban renewal project in Sacramento, Calif.

Self-help studies

Section 1514.—Amends section 207 of the Housing Act of 1961 to permit the Secretary of HUD to include the study of self-help in construction, rehabilitation, and maintenance of housing for low-income persons and families in the low-income, housing demonstration program. Also directs Secretary of HUD to make a report to Congress within 1 year after date of enactment of this act, setting forth the results of the self-help studies and demonstrations carried out under section 207 with such recommendations as he deems appropriate.

Earthquake study

Section 1515.—Amends section 5 of the Southeast Hurricane Disaster Relief Act of 1965 to extend the time the Secretary of HUD is required to report his findings and recommendations on earthquake insurance from October 31, 1968 to June 30, 1969.

Technical amendments

Section 1516(a).—Amends section 110(c) of the Housing Act of 1949 to make it clear that urban renewal project funds can be used for "the restoration of acquired properties of historical or architectural value."

Section 1516(b).—Amends section 110(d) of the Housing Act of 1949 to make it clear that grant-in-aid credit can be given for expenditures by a public body for the construction of foundations and platforms on air rights sites in urban renewal projects

to the same extent that such work could now be done with project funds.

Section 1516(c).—Amends section 110(e) of the Housing Act of 1949 to make it clear that the restoration of historic properties can be carried out as an urban renewal project cost for those projects approved for three-fourths Federal grant assistance on a limited project cost basis.

Section 1516(d).—Amends section 1101(c) (3) of the National Housing Act to permit amortization of the mortgage term under the medical group practice facilities program to commence after completion of construction of the facility rather than at the time the mortgage is executed.

Section 1516(e).—Amends section 213(o) of the National Housing Act to clarify the authority of the Secretary to invest all moneys, not currently needed for the operation of the cooperative management housing insurance fund, in Government bonds or obligations, or in the purchase on the open market of debentures which are the obligation of the fund.

Section 1516(f).—Amends section 810(e) of the National Housing Act to permit an individual, who is approved by the Secretary, to be a mortgagor under the FHA section 810 housing program for military personnel or employees or personnel of NASA or AEC research or development installations.

Home Owners' Loan Act of 1933

Section 1517(a).—Amends section 5(c) of the Home Owners' Loan Act of 1933 to authorize Federal savings and loan associations to invest in time deposits or certificates of deposit in banks insured by the FDIC under regulations issued by the Federal Home Loan Bank Board and also amends section 5(c) to broaden the authority of a Federal savings and loan association to invest up to 1 percent of its assets in loans guaranteed by the Agency for International Development to help finance housing projects or home financing institutions in developing nations outside of Latin America.

Section 1517(b).—Amends section 5(c) of the Home Owners' Loan Act of 1933 to permit a Federal savings and loan association to make loans for the construction of new structures related to residential use of the property under the existing exception applicable to property improvement loans.

Section 1517(c).—Amends section 5(c) of the Home Owners' Loan Act of 1933 to authorize a Federal savings and loan association to invest in loans to federally supervised financial institutions secured by investments in which the association has statutory authority to invest directly.

Federal Home Loan Bank Act

Section 1518.—Amends section 12 of the Federal Home Loan Bank Act to authorize Federal home loan banks, subject to regulations by the Federal Home Loan Bank Board, to purchase AID-guaranteed housing loans and to sell participations therein to any blank member.

Federal Reserve Act

Section 1519.—Amends section 24 of the Federal Reserve Act to authorize construction loans up to 36 months in length as an exception to the limitation on real estate loans. (Under existing law, such construction loans may not exceed 24 months.)

PRIVILEGE OF THE FLOOR

Mr. SPARKMAN. Mr. President, I ask unanimous consent that staff members of the Committee on Banking and Currency, including the Housing Subcommittee thereof, be authorized to be on the floor during the consideration of the bill.

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

Mr. SPARKMAN. Mr. President, on yesterday afternoon, the distinguished

senior from Maine [Mrs. SMITH] asked a question and asked that it be answered in the course of the debate. I should like to answer the question of the Senator from Maine at this time. And if I omit anything, I should like the Senator from Illinois [Mr. PERCY] to feel free to prompt me.

Mr. President, the senior Senator from Maine [Mrs. SMITH] asked in the CONGRESSIONAL RECORD of yesterday, at page S6293, that I list the portions in the committee bill, S. 3497, which were adopted from S. 1592, a bill introduced by the Senator from Illinois [Mr. PERCY], of which the Senator from Maine was a cosponsor, as well as list those portions of S. 1592 which were not included in the committee bill.

Mr. President, I will ask the Senator from Illinois to check me on my statement if I am incorrect. I said that Mrs. SMITH was a cosponsor of the measure. I believe that every Member on the Republican side was a cosponsor, and there were three Democrats in addition to that. Furthermore, the bill was introduced by 112 Members of the House of Representatives. So it had very broad representation. Much of S. 1592 is in the committee bill, S. 3497. Some Senators on the minority side of the aisle have spoken to me about the committee bill, and I said, "Oh, sure, you certainly ought to support it, because you are one of the cosponsors." And that is just about what it amounts to.

Does the Senator from Illinois wish to be recognized?

Mr. PERCY. 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 me on this bill, but also I believe it very important that the Senator from Washington [Mr. MAGNUSON] be recognized. He was an original cosponsor, and, of course, is chairman of the Independent Offices Subcommittee 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 MAGNUSON was one.

As the Senator from Maine knows, S. 1592 proposes the creation of a National Home Ownership Foundation which would have the authority to issue \$2 billion worth of federally guaranteed debentures. The funds raised by the issuance of these debentures would be loaned to local "eligible borrowers"—that is, nonprofit corporations and organizations. In turn, these local organizations would construct or rehabilitate housing units and sell them to families needing housing. When appropriate, an interest rate subsidy would be given to the purchaser.

Funds necessary to provide debt service for the debentures when not paid back to the National Home Ownership Foundation by the homeowner receiving the loan and subsidy would be made up by direct appropriations from the U.S. Treasury.

S. 1592 also proposed that the Foundation would be given very broad au-

thority to give assistance for training and other types of services and counseling that would help lower income families be more responsible homeowners.

As the Senator from Maine knows, several other bills, in addition to S. 1592, were introduced during the first session of the 90th Congress to provide assistance toward helping lower income families become homeowners. The bills, like S. 1592, contained a variety of ways in which such housing would be financed. The committee considered all of these matters and 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. 1592. 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 Foundation with certain functions for the purpose of providing technical assistance and encouraging local nonprofit groups to sponsor housing programs for lower income families. The committee bill authorizes an appropriation of \$10 million for the Foundation to carry on its activities.

Since S. 1592 and the several other proposals before the committee were aimed toward providing homeownership for lower income families, it would be very difficult to list all of those portions which were included, or not included, from S. 1592 and the other bills in the committee bill.

Since S. 1592 was introduced by Senator PERCY, who is a member of the Banking and Currency Committee and who supports the committee bill, I invite him to elaborate on these remarks, if he wishes, for the benefit of the Senator from Maine.

Personally, I feel that a very refreshing idea was brought to the committee by the proposal of the Senator from Illinois, as embodied in S. 1592. Much of the essence of it was first contained in S. 2700, which the committee reported last year, and now is contained probably to a greater extent—certainly, the interest subsidy is more in line with what he advocated—in the present bill.

Again, I am glad to pay tribute to the distinguished Senator and to all those who joined in sponsoring that bill. It is largely included in the present bill.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PERCY. I will be very happy to study carefully the distinguished Senator's statement.

In quick analysis, from what I have heard, it seems to me that the distin-

guished Senator has fully answered the question. I am happy to respond to the request of Senator SMITH. I was particularly pleased to have her cosponsor the National Home Ownership Foundation Act inasmuch as she is my senior colleague on the Aeronautical and Space Committee as well as chairman of the Republican conference. Her support of the principles embodied in S. 1592 has meant a great deal to me.

The spirit of the committee has been to embrace the principles of S. 1592. In only one point did we actually fail to achieve one important objective of the original bill, and this was in the ability of the National Home Ownership Foundation to issue debentures that would be guaranteed by the Federal Government.

Mr. SPARKMAN. The Senator is correct. The Senator knows that there was considerable question about it in the committee as a whole and downtown—the idea of the Treasury guaranteeing bonds issued by a private corporation. Yet, we said that the program we worked out would give us a chance to try it out, and then we could chart the course in the future.

Mr. PERCY. May I say at that point that no 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 Treasury, 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 principle of partnership and government reinforcement was included in the administration request this year.

Mr. SPARKMAN. The Senator is correct. S. 2700 did not contain that provision, but the new bill does.

Mr. PERCY. At some point in the future, the need may be so great and the impact on the budget so great that if we move ahead with the type of job that must be done we may come back—after we have had experience with the bill and the National Home Ownership Foundation—and give this bonding power to the National Home Ownership Foundation so that it can issue debentures backed up by the Federal Government.

I believe we have proceeded in a cautious, prudent manner, and I am fully satisfied that every consideration has been given to S. 1592. I believe we could have moved ahead faster by giving bonding 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. SPARKMAN. I thank the Senator. I appreciate the patience of the Senator from New York in waiting for us to conclude these remarks.

Mr. JAVITS. Mr. President, first I should like to state to the Senator from Alabama that it is I who am indebted to him. I missed the time allocated to me because of a plane difficulty, and hence, quite properly, was called on to await my turn. He has been very gracious, and so have Senator PERCY and Senator TOWER for allowing me to proceed.

ECONOMIC POLICIES WHICH AFFECT THE HOMEBUILDING INDUSTRY

Mr. FULBRIGHT. Mr. President, I am pleased to note that title XIV of S. 3497 requires the President to submit to Congress annual reports upon progress in achieving our national goal of "a decent home and a suitable living environment for every American family." This has been our goal since the enactment of the Housing Act of 1949.

The requirements of title XIV are quite similar to a bill which I introduced on August 11, 1966. The purpose of my bill—S. 3714, 89th Congress, second session—was to require public debate of economic policies which affect the homebuilding industry.

I support title XIV wholeheartedly, and I hope that it may result in a national effort to achieve stability and expansion in the production of housing by the thousands of private businessmen engaged in homebuilding.

Mr. President, I ask unanimous consent to have printed in the RECORD: First, the text of my bill, S. 3714; second, excerpts from my remarks in the Senate on August 11, 1966; third, a letter which I wrote to the President of the National Association of Home Builders on October 19, 1966; fourth, an excerpt from the NAHB statement of policy for 1967; and, fifth, an excerpt from pages 119 and 120 of the report (No. 1123) of the Senate Committee on Banking and Currency on S. 3497.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

S. 3714

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the program of the President as expressed in his annual message to the Congress shall include statements and recommendations concerning a residential construction goal. In furtherance of the realization of this goal the President shall transmit to the Senate and the House of Representatives, after the beginning of each session of the Congress, but not later than January 20, a report which shall include the following: (1) a statement indicating the minimum number of housing units which should be started during the then current calendar year, or such year and the next following calendar year, in order to be consistent with the program of the President, (2) an indication of the manner in which the law will be administered by the executive agencies to achieve the number of housing units specified under clause (1), and (3) any recommendations for legislative action that the President determines are necessary or desirable in order that the construction of such specified number of housing units may be started.

EXCERPTS FROM REMARKS OF SENATOR FULBRIGHT TO THE SENATE, AUGUST 11, 1966

Mr. FULBRIGHT. Mr. President, I congratulate the Senator from Alabama and his colleagues on the Banking and Currency Committee for their continuing attention to the housing needs of the Nation. For several years during my chairmanship of the Banking and Currency Committee, it was my privilege to serve under the capable leadership of the Senator in his capacity as chairman of the Housing Subcommittee—a position which he still holds.

Through these years and through many prior years, the committee was periodically faced with crises in the homebuilding industry, because our economy was allocating an inadequate quantity of savings to home mortgage credit. Time after time, the committee recommended and the Senate passed bills designed to relieve critical shortages of mortgage money. Today we are in the midst of another such crisis.

I intend to support the committee recommendations, and I urge other Senators to do likewise. I believe that the time has come, however, to treat the cause of this recurring ailment rather than to continue ministering doses of aspirin and antihistamines, which merely relieve the unpleasant symptoms.

Mr. President, the drastic curtailment of homebuilding—described in the committee report—is a result of national fiscal and monetary policies. But the effects of these policies on homebuilding are never publicly debated until they have been implemented and their damaging effects have begun to reverberate throughout the economy. We can no longer afford the waste and sacrifice inevitable in a cycle of boom and bust in homebuilding. Roller coasters are for amusement parks and should not be characteristic of an economic system capable of relative stability.

Even a cursory review of the effects of fiscal and monetary policies over the last 20 years will reveal the circumstances under which home mortgage credit will be plentiful or will be scarce. Decisions made by the Federal Reserve Board, by the Treasury Department, by the Bureau of the Budget, by the Department of Housing and Urban Development, and by the Federal Home Loan Bank Board, turn the volume of homebuilding up or down like water from a faucet.

But these policies are never discussed or debated in specific terms until the homebuilding industry is drowning in a sea of tight money and going down for the third time. The present crisis has been foreseeable for many months. Each time that the discount rate is raised, each time that competition for savings causes a rise in yields offered to investors, each time that rates to borrowers are raised, the ultimate effect upon the supply and price of home mortgage credit becomes clearer and more certain. But this effect of monetary and fiscal policies is never discussed specifically in terms of the homebuilding industry.

This unhealthy state of affairs was recognized by the Committee on Banking and Currency in 1960. In that year the committee concluded a 2-year study of home mortgage credit needs anticipated for the present decade. The first recommendation made by the committee was addressed to the problem I am discussing. The committee recognized that fluctuations in home building do not occur by accident.

The committee realized that these fluctuations are foreseeable and are a result of planned monetary and fiscal policies. To oversimplify, these policies require home building to quickly take up the slack when the economy is sagging, and to take it in the neck when the economy is booming.

Mr. President, we can plan better than we have been doing, and the time has come for the Congress to insist upon better planning.

Recommendations No. 1 of the Subcom-

mittee on Housing, April 15, 1960, read in part, as follows:

"The subcommittee recommends . . . an amendment of existing law to require the following annual report from the President: At the beginning of each session of the Congress, the President shall transmit to the Senate and the House of Representatives a report stating, among other things, (1) the minimum number of housing units which should be started during the calendar year, or 2 calendar years following submission of the report, in order to be consistent with the program of the President, (2) the manner in which discretion contained in law will be used by Federal agencies to achieve this minimum number of starts, and (3) recommendations for changes in law which may be required to enable the achievement of this minimum number of starts."

This recommendation was subsequently expressed in bill form—S. 3379 of 1960—and, in modified form was included in the omnibus housing bill of 1960—S. 3670, Senate Report No. 1575. During debate on S. 3670, on June 16, 1960, the provision to require an annual housing goal was deleted from the bill by a vote of 44 to 37. It is interesting to note, Mr. President, that the proposal for an annual housing goal was supported by the late President Kennedy, by President Johnson, and by Vice President HUMPHREY. In fact, a total of 50 Senators voted for or were announced in favor of the proposal, and only 47 Senators voted or were announced in opposition.

Mr. President, I submit that if section 101 of S. 3670 had been enacted into law in 1960, we would not today be debating emergency measures to relieve a critical depression in homebuilding. If section 101 had been enacted, the Congress would have deliberated the economic plans of the President in 1961, 1962, 1963, 1964, 1965, and 1966 as they specifically related to the supply of home mortgage credit, and there would have been appropriate action to maintain stability in this vital economic commodity.

So far as I know, the need for better planning has not attracted attention since 1960. This is because 1966 is the first crisis year since that time—but it will not be the last such crisis, if we continue to let homebuilding be the primary deflator of an overheated economy.

Mr. President, it has been our practice to rely upon economic policies which periodically victimize the homebuilding industry. I propose that we devise economic policies which promise greater stability in allocating public and private savings to satisfy the growing shelter needs of the Nation.

I considered offering an amendment to the pending bill, but have decided instead to introduce a separate bill which may be studied prior to the next session of Congress. If there is no evidence of improvement in our national economic planning in the Economic Report of the President next January, the Congress should give prompt attention to the enactment of appropriate legislation.

OCTOBER 19, 1966.

Mr. LARRY BLACKMON,
President, National Association of Home Builders, Washington, D.C.

DEAR MR. BLACKMON: Thank you for your letter of October 13 and for your kind remarks concerning my support of housing legislation. I agree with you that action should be taken to relieve the alarming reduction in residential construction, but I am not very hopeful about the prospect for meaningful action in the near future.

It seems clear to me that decisions made by the Treasury, the Bureau of the Budget, and the Federal Reserve Board, throughout 1966, have been made with knowledge that a reduced volume of homebuilding would be an inevitable result. In other words, efforts to deflate an overheated economy have

affected homebuilding in greater proportion than other segments of the economy, and this consequence was foreseeable.

Unfortunately, these decisions were made without any public debate of their effect upon homebuilding, and without any public discussion of alternative deflationary actions. The tremendous cost of the war in Vietnam—now engaging U.S. forces in a dimension exceeded in our history only by WW I and WW II—demands reduced economic activity in non-war related pursuits. Otherwise, the value of the dollar would erode at a faster rate than we are now experiencing.

Perhaps it would have been wiser to have imposed general wage and price controls, or restricted auto production, or deferred 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 certainly 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, about which we corresponded several months ago.

Based upon present estimates of the course of the war in Vietnam, its demand upon our economy will not diminish in 1967. Consequently, some hard decisions must be made with respect to continuing efforts to maintain national economic stability next year.

If the annual Economic Report to the Congress were to address itself specifically to prospects for homebuilding as estimated to be affected by Federal fiscal and monetary policies, it is possible that courses of action might be chosen which would lessen the burden upon your industry. If not, opportunity would have been afforded to face the issue squarely prior to adoption and implementation of policies predictably depressing to homebuilding.

If you are reluctant to support S. 3714 in its present form, I would be pleased to receive your recommendations for modification.

With best wishes, I am,
Sincerely yours,

J. W. FULBRIGHT.

[Excerpt from NAHB statement of policy for 1967]

IV. NATIONAL HOUSING GOALS

The events of the past year emphasize the need for a statement of specific National Housing Goals to minimize the danger of constant change in the direction of housing without the kind of orderly national debate which should 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 in home building and residential finance and all others concerned with housing opportunity for all.

[Excerpt from S. Rept. 1123 on S. 3497]

TITLE XIV—10-YEAR 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 definite plan providing for the effective utilization of available resources and capabilities existing in both the public and 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 goals in the immediate future as well as for a plan by which they may be brought to public realization. Such a legislative pronouncement would also be in line with the recent proposal by the President to construct 6 million federally assisted housing units for low and moderate income families over the next 10 years.

Report outlining plan

Section 1402 of the bill would require the President to make a report to Congress on or before January 15, 1969, setting forth a 10-year plan covering the period June 30, 1968, to June 30, 1978. This plan would contain the number of units anticipated in both the Government-assisted and the conventional markets for each of the 10 years, together with a statement of what reduction in substandard units is expected, an estimate of costs in the various Federal programs for legislative action. The report would also include an estimate of residential mortgage market needs, including availability and flow of mortgage funds, for the coming year, and such other data and recommendations as are deemed pertinent.

Periodic reports

Section 1403 of the bill would require annual reports by the President on January 15 of each year, which reports would compare the results for the previous year with the goals set forth in the plan for that year. These annual reports would be required to give reasons for not meeting objectives, if that be the case, and would also set forth any revised objectives as would be necessary, together with an estimate of the availability and flow of mortgage funds. The annual reports would also provide an analysis of the monetary and fiscal policies for the coming calendar year required to carry out the objectives of the plan, and could contain such further legislative recommendations as deemed appropriate by the President.

Final report

Section 1404 of the bill would provide for a final report by the President on January 15, 1979 showing in detail the success or failure of the plan and an analysis of the reasons therefor.

The committee believes that there should be unification toward national housing objectives among the several departments and agencies of the Federal Government. While the Department of Housing and Urban Development is primarily involved in this subject, both the Department of Agriculture and the Veterans' Administration have direct contact with the public regarding it. The operations 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 prices and policies of the Federal National Mortgage Association should not be determined or conducted without 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 stating 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 production that is so 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. JAVITS. Mr. President, I speak today because I feel a conscientious duty toward our two Ambassadors in Paris, Ambassadors 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 Ambassadors Harriman and Vance about Vietnam negotiations. Also, I had the great privilege of an audience with His Holiness Pope Paul who has been such a 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 the 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 so long as it continues. It is about this especially that I wish to speak.

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 talks for propaganda purposes. This is standard operating procedure for the Communists. Therefore, we must have a basic concept from which we cannot depart even though there is always the risk that negotiations may break off for a time as a result. At the same time, this concept must be of such a basic nature that we are prepared to face a "moment of truth" with the Government of South Vietnam when we may feel that we are willing to make peace on a set of agreed negotiated terms 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 Chancellor Maurice B. Mitchell read to the graduates.

I include these inspiring words in the RECORD, as I think they have value for us all during these difficult times:

MESSAGE FROM STEWART UDALL

(Read by Chancellor Maurice B. Mitchell of University of Denver at Commencement on June 7, 1968)

If ever there was a time I would like to be with young people, it is now. If ever there was a moment when youth—in a world it did not make—requires an encouragement of its energies and talents and capacities to remake the world, it is now. If ever there was a time when tragedy must yield to hope and reason, instead of despair and frustration, it is now.

I can not be with you because Robert F. Kennedy was a man I loved and whose professional and personal life I shared. I had to be with his family.

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 any I could frame: "It was the best of times, it was the worst of time, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of Hope, it was the winter of Despair; we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way."

But these words—as any words—can only frame a question. The answer which must be the ultimate victory of reason over madness is for you—and all youth—to provide. This is increasingly your world—both by the strength of your numbers and the power of your concern and commitment.

There is an end to a man's life; there need to be no end to the things he stood for and aspired for all men, everywhere. Those things—to which John F. Kennedy and Martin Luther King and Robert F. Kennedy dedicated their careers, and for which they gave their lives, are in your hands. The power to create is greater than the power to destroy. Indeed, that power is in your hands—and hearts.

FARM SUBSIDY RAID ON U.S. TAXPAYER

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

Mr. MADDEN. Mr. Speaker, the Agriculture Committee of the House of Representatives presented H.R. 17126, a bill to extend the Food and Agriculture Act of 1965 for 1 year.

Although the pending bill has a year and a half before it expires on December 31, 1969, the recipients of annual subsidies to thousands of farmers and farm corporations all over the Nation are pressuring the Congress for another year continuance of this "boondoggle," so that it can carry through the year 1970.

Evidently these recipients of a "guaranteed annual income" from the American taxpayers are afraid the next Con-

gress will toss this \$3.5 billion subsidy bill in the "legislative wastebasket."

A month ago, the Rules Committee failed to report the legislation to the floor of the House, but on June 18 it was reported for consideration on the floor of the House. Evidently the sponsors are planning on passing this bill in the closing days of the session when, by reason of absentees and confusion in the final hours they might succeed in passing the same and extending the farm subsidy through 1970. Every Member should be on the alert against this contingency.

I am herewith enclosing with my remarks a letter received from Mr. Charles B. Shuman, president of the American Farm Bureau Federation. The same speaks for itself.

AMERICAN FARMER BUREAU FEDERATION,
Washington, D.C., June 25, 1968.

HON. RAY J. MADDEN,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MADDEN: The House of Representatives will soon consider H.R. 17126, a bill to extend the Food and Agriculture Act of 1965 for one year—to December 31, 1970.

Passage of this bill would be unnecessary and unwise.

It is unnecessary to act in 1968. The present legislation does not expire until December 31, 1969. Rejection of this bill would permit Congress to develop an alternative program next year.

It is unwise to act because the Act of 1965 is a failure. It has failed:

To stabilize the food costs of consumers.

To expand farmers' export and domestic markets.

To improve—or even maintain—the incomes of farm families.

The farm parity ratio stood at 81 when the Act of 1965 became effective. Now when we are less than half-way through the third year of the program, it stands at 73. Farmers want something better than to be locked into the present low-price situation. And, while farmers have suffered a drop in their prices, the federal government's costs for wheat, feed grain, and cotton programs have steadily increased and now total over \$3 billion annually.

With Congress having passed a 10-percent tax increase and a requirement that the President reduce budgeted expenditures \$6 billion in the next fiscal year, it is incredible that Congress would even consider extending legislation which has proved to be so costly and ineffective.

We respectfully urge you to vote against H.R. 17126.

Sincerely yours,

CHARLES B. SHUMAN,
President.

THE OMNIBUS HOUSING BILL CONTAINS MANY PROPOSALS SPONSORED BY THE MINORITY

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

Mr. WIDNALL. Mr. Speaker, the Housing and Urban Development 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 homeownership for lower-income families, improvement in the rent certificate or leased public housing program, a tightening of provisions requiring residential urban renewal to serve the housing needs of low- and moderate-income Americans, increased authorizations for the water and sewer 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 redtape 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 in House Report No. 1585. The bill, H.R. 17989, as well as the report, is of considerable size. It represents a major undertaking and, despite its length and complexity, should have the fullest consideration that can be achieved in an informed debate.

My supplemental views follow:

SUPPLEMENTAL VIEWS OF REPRESENTATIVE WILLIAM B. WIDNALL TO BANKING AND CURRENCY COMMITTEE REPORT ON HOUSING ACT OF 1968

In supporting H.R. 17989, I am not unmindful of the fact that reasonable men may differ over certain provisions, or that new programs authorized or old ones extended by the measure are open to constructive criticism relating to conception and execution. On balance, however, I believe the bill is both necessary and worthwhile. It has benefited from ideas and proposals offered by the minority, and I think it is appropriate to call particular attention to this fact.

Foremost among these minority suggestions has been the concept of fostering on a major scale homeownership among low- and moderate-income citizens. Homeownership as a desirable goal is an idea deeply rooted in American tradition. For the low- and moderate-income citizen, particularly the minority group citizen, this has become increasingly the impossible dream. Statistics show that the percentage of existing one-family homes insured by FHA for families with incomes less than \$4,000 fell from 42.8 percent of the total in 1950 to 1.3 percent in 1966. For new homes, the drop was from 56 percent to 1 percent in the same period.

In order to reverse this trend, I introduced H.R. 8820, the National Home Ownership Foundation Act on April 20, 1967. One hundred thirteen other House Members, including eight members of the minority of the Banking and Currency Committee, joined in offering a similar bill at that time.

The proposal had as its basic goals the enlargement of housing opportunities and choice for our lower income families, both rural and urban. We proposed to tap private capital, private management and technical experience, and private, community-oriented initiative. The Government role was to be limited to one of stimulus and reinforcement, rather than execution and control.

FEATURES OF THE NHOFF BILL

The National Home Ownership Foundation Act proposal, besides its basic change in policy advocating homeownership in contrast

to traditional federally assisted renter-oriented projects, contained a number of innovative features. In summary they were as follows:

1. The establishment of the National Home Ownership Foundation, a congressionally authorized nonprofit corporation, with a board of directors drawn from the private sector. Besides making mortgage capital available, the Foundation was to conduct a technical assistance service to aid in the development and formation of low- and moderate-income homeownership program, including interim planning loans, and the conduct of supporting programs in such fields as training, employment, credit counseling, and budget management to enable lower income families to assume the privileges and responsibilities of homeownership.

2. Authority to the Foundation to raise \$2 billion in mortgage loan funds through the sale of its debentures, guaranteed by the Federal Government to supplement available moneys from existing mortgage lending institutions. The object was to bring together in one coordinated effort, and one pool of funds, sufficient capital to carry out a major lower income homeownership program. It was expected that the federally guaranteed bonds, carrying a market rate of return, would attract new capital, for the mortgage market, from such sources as union pension funds.

3. A market-interest rate mortgage, with a direct subsidy paid by the Treasury to the holder of the mortgage, thus lowering the interest rate and monthly payments for the home buyer. The purpose was to avoid the major budget impact that accompanies the use of the below-market-interest rate mortgage program involving Federal National Mortgage Association purchase of these mortgages utilizing special assistance funds. Thus, each Federal dollar would have a multiplier effect many times greater than the BMIR mortgage purchase dollar, a major accomplishment in a time of expenditure curtailment. The interest subsidy would be repaid into a revolving fund, if and as the buyer reached an adequate income level, prescribed as 70 percent of existing 221 (d) (3) program income limits.

4. Maximum utilization of community-based or neighborhood non profit corporations, including technical assistance for their development and operation of lower income homeownership programs. This would also provide an opportunity for the prospective home buyers in the area to have a voice in the conduct of the program. It would also enlist the aid, expertise, and financial backing of local community leaders in Government, business, labor, civic organizations, the professions and the like, to build a partnership within the private sector at the national and local levels.

5. Authority to develop a program of mortgage equity payment insurance, to protect the home buyer from losses of income due to illness, death, unemployment, and other causes not within the home buyer's control. To the greatest extent possible, the Foundation was directed to work out the program with the private insurance industry, and report back to Congress.

6. Utilization of the urban renewal program as a means of obtaining land and buildings at reasonable prices to lower the cost of construction, rehabilitation, or the use of existing housing for the homeownership program.

7. Increase employment opportunities and the use of self-help for area low-income residents and prospective home buyers.

SIMILARITIES WITH THE PRESENT BILL

Although the Department of Housing and Urban Development greeted the NHOF proposal last year with skepticism both for its technical provisions and its goal of lower income homeownership, sufficient support from a variety of groups and individuals

within the American public appear to have changed the administration's mind. The cumulative result can be seen in H.R. 17989. In summary, the similarities between the committee bill and the proposal outlined above are as follows:

1. The committee bill establishes, in title I, section 107, a National Home Ownership Foundation. Its purposes follow those suggested for the technical assistance service under the minority's NHOF bill of last year. The Foundation is directed to encourage and assist public and private bodies at the national, community, and neighborhood levels in initiating, developing, and conducting programs to expand low-income homeownership and housing opportunities. This includes arrangements for technical and managerial assistance and training, aid in finding mortgage financing, insurance, and the like, encouraging research and innovation, collecting and distributing information, and assistance in expanding job opportunities.

The Foundation may make loans or grants to cover organizational or administrative expenses for homeownership programs, necessary preconstruction costs including land options, architectural fees, and similar items, and the costs of providing counseling to lower income families in budget management, home maintenance, and home management. The bill authorizes \$10 million in appropriations.

2. The committee bill, in title VII, authorizes the new Government National Mortgage Association to guarantee securities issued by FNMA or other private issuers, backed by a pool of FHA and VA loans or mortgages. The purpose is the same as that of the NHOF-guaranteed debentures suggested by the minority; namely, to increase the supply of mortgage funds and tap new sources such as pension funds. It is permissive only, limited in scope, the funds raised would not be limited to use for lower income homeownership. The Department, in the hearings, admitted to not knowing what amount of additional funds this approach might attract.

As a result, it is unlikely that the massive attraction of new funds for lower income homeownership envisioned by the sponsors of the National Home Ownership Foundation Act last year will occur under this bill. The FHA insurance provisions in title I also depend upon existing lenders and mortgage money supply. This makes all the more important the direction in section 107(f)(2) to the Foundation to report to the Congress whenever insufficient funding is available for lower income homeownership purposes. The Foundation is also directed to make recommendations for alternate means of securing adequate financing.

3. The committee bill, in title VIII, authorizes the establishment of a private corporation for profit which is designed to encourage a partnership approach among interests in the private sector at the national and local level, in order to encourage low-income housing. Part of the purpose of the National Home Ownership Foundation authorized by the bill is also to encourage private involvement, including the development of neighborhood organizations interested in homeownership programs, which would involve the citizens themselves from the area. Maximum utilization of area residents or the lower income families to be served by the program is not pronounced as a major goal in the committee bill, however, in contrast to the NHOF proposal last year.

5. By amendment to title I (sec. 109) offered by Representative Garry Brown, of Michigan, the minority obtained inclusion in the bill of an authorization to the Secretary of HUD to develop, in cooperation with the private insurance industry, a plan of insurance to help homeowners meet mortgage payments in times of personal economic adversity.

The Secretary is directed to report back within 6 months on his actions. This provision was secured in the bill despite the objections of the Department of Housing and Urban Development, objections which, in turn, 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 Housing and Home Finance Agency, forerunner of HUD.

6. The committee bill, in section 405, amends the urban renewal law to permit land to be sold to qualified low-income mortgagors and nonprofit sponsors of homeownership program and, by an amendment I offered, private homebuilders acquiring land for subsequent resale to low- and moderate-income home buyers.

7. 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 contributing his own labor toward the cost of his housing has also been recognized in section 2 and in title I.

CAN HUD CARRY OUT THE PROGRAM?

One of the purposes behind establishing the National Home Ownership Foundation in the minds of its cosponsors 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 for low-income citizens. This presents a considerable challenge to the Department, in carrying out the proposals authorized in H.R. 17989.

While the Department's testimony before our committee has been reassuring, the continued opposition of HUD to my 1966 amendment requiring a substantial number of low- and moderate-income housing in each predominantly residential urban renewal project has had the opposite effect. As the committee report notes, the definition of substantial as only 20 percent of the project units is hardly in keeping with the dramatic need for more and better housing for our underprivileged citizens. The change contemplated by section 413 of this bill increases this percentage to 51 or better for the aggregate number of units in approved projects within a community; that is, projects which have had their plans approved by the Department, not those which are only in the planning stage. The new amendment, worked out in conjunction with Representative Henry Reuss, of Wisconsin, as a bipartisan statement of congressional intent, also contains a 20-percent minimum aggregate for low-income housing suggested by Representative William Brock, of Tennessee. It is perhaps the best example I know of in the bill of bipartisan, congressional initiative in the legislative field. Certainly, all of the other low-cost housing programs will come to naught if land or structures are not assembled and made available at low cost, which is the major benefit of urban renewal use.

Two other amendments which I offered and which have been accepted in title I deserve mention, if only because of the opposition by HUD to their inclusion. The first opens the homeownership sections up to utilization of existing housing, as well as housing involving new construction or substantial rehabilitation. A survey made by my office among District of Columbia real estate agencies indicated the availability of houses selling for under \$18,000 and needing little repair, if any. It also uncovered the potential availability of many more renter-occupied houses, which would come on the mar-

ket if these very same renters had access to mortgage funds. Negro real estate brokers were particularly conscious of this opportunity. The use of existing housing will also mean, as the U.S. Civil Rights Commission has pointed out, the immediate implementation of the new homeownership program. Certainly in this time of tension and trouble within our cities, any tool that can provide an immediate impact, and thus new hope to the less fortunate, should be welcomed. Will the Department of Housing and Urban Development heed this opportunity? Only time will tell.

Another amendment makes nonprofit groups eligible for inclusion in the program for homeownership financing that wish to use existing housing instead of taking on the task of rehabilitation in a multi-unit project. It is my expectation that as these nonprofit groups, whether church or labor union, or civic association sponsors, gain in confidence and experience, they will move on to the more demanding but no less important task of increasing the supply of standard housing for homeownership purposes.

THE RENT CERTIFICATE PROGRAM

In 1964, I, with other members of the Republican minority introduced the rent certificate plan. It became legislation in 1965, and has since made a great record for something that was opposed by the administration and generally not promoted by them. To date, it has far outstripped its companion legislation, rent supplements, in terms of people housed, having provided shelter for over 16,000 families while the rent supplement total is just over 2,500. This means that the rent certificate program is responsible for placing over 60,000 people in decent, safe, and sanitary housing that they did not have previously.

In the present bill there are three sections, 208, 209, and 210 which are perfecting amendments that I introduced to facilitate the operation of the program.

Where the Secretary had previously restricted the program in certain localities to rehabilitated housing, on the completely unjustified claim that it would cause rents to rise, section 208 makes clear that he can no longer impose such regulations unless it is specifically so provided in the act.

Where HUD had taken the position that it could not use the program unless in quantities of 10 or more units, section 209 makes clear that it can.

In section 210, we have acted to enable tenants to become purchasers of the homes they occupy through the medium of the local housing authority. This innovation was prompted by spontaneous offers from builders in all parts of the country, attracted by the economics of the operation, to build for leasing purposes.

Now where the housing authority deems it advisable, it may include in its lease an option to purchase to be exercised when desirable in behalf of the tenant.

This latter provision could be used even in multi-family structures where tenants, so desiring to act, occupy units having more than 80 percent of the total value of the structure.

WATER AND SEWER GRANTS

Section 505 ups the matching sewer and water grants from \$200 million annually to \$500 million annually. I do not particularly like to increase authorizations beyond departmental recommendations. In the case of this program, however, I am quite ready to make an exception. This is a vital program. Upon it have depended at times, the question of whether or not a city would have to import water for drinking purposes.

The administration has not only given this program a low priority. It has asked for only half the funds which Congress authorized when appearing before the Appropriations

Committee. This in the face of applications from needy communities which numbered over \$4 billion. There is to my knowledge not a single congressional district that does not have an application for water-and-sewer funds and many are most desperate. Under the circumstances, I think the increase I have suggested is most modest and I know it is badly needed.

NATIONAL FLOOD INSURANCE

It was with a deep sense of personal satisfaction to me that the Committee on Banking and Currency adopted my amendment, in the form of a proposed title XI, National Flood Insurance.

Members of the House will recall that the proposed national flood insurance legislation passed the House—H.R. 11197—and the Senate in 1967 but because of far-reaching changes made by a House floor amendment in the financing mechanism in the House bill efforts to resolve the differences between the House and Senate versions in conference have been abandoned. In short, prior to inclusion of title XI in H.R. 17989, most observers conceded that flood insurance legislation had little if any chance of enactment in the 90th Congress.

As an original cosponsor of a national flood insurance program, the events leading up to the current legislative statement are indeed regrettable. Within the past month, the State of New Jersey experienced its worst natural disaster of the 20th century, sustaining more than \$150 million in flood damage to private and public property. Having personally witnessed the human tragedy and widescale property damage in the wake of these devastating floods, my belief in the urgency of a national flood insurance program was further sustained.

When the House last November rejected the proposed financing through Treasury borrowing authority contained in the flood insurance bill, the circumstances surrounding that action were far different than those which prevail today. I refer to title X of the proposed housing bill where the Congress is being asked to approve Treasury borrowing authority in order to finance a national program of riot reinsurance. While I support title X, I think it would be uncharacteristically inconsistent for a majority of the House of Representatives to support Treasury borrowing authority for riot insurance, while rejecting this form of financing for a national flood insurance program of far more modest proportions.

In this regard, we should keep in mind that flood insurance proposals have been before the Congress for more than 10 years, long before any thought whatsoever was being given to the need for a Federal program of riot insurance.

Stated in its most candid terms, if the Congress of the United States can see its way clear to underwrite insurance protection against lawlessness in our cities, it can ill afford to turn a cold shoulder on the personal grief and tragedy of those of our law-abiding, taxpaying citizens who experience huge property losses caused by floods, or by what are said to be "acts of God."

TREATY FOR NONPROLIFERATION OF NUCLEAR WEAPONS

(Mr. MORGAN asked and was given permission to address the House for 1 minute and 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 power itself.

The promise it holds for the future of human association is due in no small measure to President Johnson, whose faith in such an agreement never faltered and whose encouragement and 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 ability of humankind 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 besets 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.

THE TAX-EXEMPT FOUNDATION: A NEW MAJOR THREAT TO CLEAN POLITICS

The SPEAKER pro tempore (Mr. PATTEN). Under previous order of the House the gentleman from New York [Mr. ROONEY] is recognized for 60 minutes.

Mr. ROONEY of New York. Mr. Speaker, I want to address you briefly on what I consider to be a grave and largely unnoticed peril to the election process in this country. It has to do with one of the most delicately sensitive areas; namely, the financing of elections.

Although some Members of the Congress have an income from business or some other profession, most of us think of ourselves primarily as politicians. All of us are proud to be so designated. Like medicine and law, politics is a profession with a sacred trust.

I think virtually all Members of the Congress want fervently to keep their profession clean, to keep it ethical, to keep it closely responsive to the people, and to keep it operating within certain statutory boundaries.

And that is why I think it important to call to your attention what I have had to overcome in winning the Democratic renomination in my district. The fact that I did win does not lessen my duty to tell you about a device that was used by one of my opponents. For, if the same device is used extensively over the country, I think it will truly endanger the democratic process by destroying the rules that now govern the financing of elections.

To put it bluntly—and I address myself personally to every Member of this Congress—unless you are a wealthy person or unless you have wealthy supporters who can help you fight back, you may find yourself in some future election being overwhelmed by a deluge of

HERE'S THE ISSUE

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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 stimulation 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 co-operative 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 Secre-

tary 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

moderate income housing units over the next 10 years.”

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 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.

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.

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 directly 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.

CONGRESS

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 actions 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. 16241), 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-Ill.). 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. 14816) 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 8, 9, and 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. Meeds (D-Wash.) and 35 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. 16363) 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. 1166, 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.

* * *

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).

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HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON HOUSING OF THE COMMITTEE ON BANKING AND CURRENCY

NINETIETH CONGRESS

WASHINGTON, D.C.

23 September 1968

C O N F I D E N T I A L

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 HRA 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.... On September 12, 1967, Secretary Robert C. Weaver of HUD and Presidential Special Assistant Joseph A. Califano held a press conference in the press secretary's office in the White House.

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."

-continued-

WILLIAM B. WIDNALL, N.J.
PAUL A. FINO, N.Y.
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GARRY BROWN, MICH.

J. J. MCEWAN, JR., STAFF DIRECTOR
KENNETH W. BURROWS
DEPUTY STAFF DIRECTOR
CASEY IRELAND
MINORITY STAFF MEMBER

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 quotes. Further on, on page two, you will note a passing reference to "our leasing program" which you first proposed as legislation in 1964 and which was adopted by the Congress in 1965 despite HUD's bitter opposition. (The latter 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 377,500 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 \$188,000,000 by the Housing Act of 1965.

Despite these large contract authorizations in the two years mentioned, the units placed under management--those 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. Not 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.

-continued-

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 62,500 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 rocked along as usual, roughly the 30,000 unit level. The leasing program, however, has shot up into the high 20 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 "momentous" 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 touted rent supplement program. Today, the rent certificate-leasing 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?

SEPTEMBER 12, 1967

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE OF HON. ROBERT
C. WEAVER, SECRETARY, HOUSING AND
URBAN DEVELOPMENT; AND JOSEPH
A. CALIFANO, JR., SPECIAL ASSISTANT
TO THE PRESIDENT
THE PRESS SECRETARY'S OFFICE

*John
Curtis*

AT 12:35 P.M. EDT

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.

MORE

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.

MORE

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 now 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?

MORE

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.

END

AT 12:50 P.M. EDT

tomorrow's transportation



S. 3641—AIRPORT DEVELOPMENT ACT OF 1968 INTRODUCED—URGENT NEED FOR TRUST FUND CITED

Mr. RANDOLPH. Mr. President, on behalf of myself and Mr. Moss, I have introduced for appropriate reference a bill, the Federal Airport Development Act of 1968.

The dominant features of the measure would establish an airport development trust fund which would be supported by special taxes of 2 percent on domestic air passenger tickets and \$2 per passenger in foreign air transportation on flights originating at U.S. airports. Although the trust-funded program would function without general tax revenues, the legislation does not preclude such appropriations. In fact, the measure contemplates continuation of the existing Federal-aid airport program with some expenditure authorizations. But I visualize the FAAP—general treasury financed—as being limited essentially to aid for small economic development airports. The proposed trust-funded program would be for the development of a better air carrier and general purpose airport system.

Congress has been asked to recognize that the existing system of air carrier and public use airports and airport terminal and access facilities within the United States is 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 in the development of a system of airports adequate to meet our civil aviation, postal service, and national defense needs. There seems to us to be ample evidence that Congress should realize that financial assistance beyond that provided under existing laws is necessary to assure an adequate system of air carrier and public use airports and air terminals and related facilities.

To those ends, we propose that the costs of providing and maintaining such airports and facilities should, insofar as is practicable, be borne in the main by airport operators and the users of such airports. Thus, the base of financing would shift from Treasury general funds to reliance principally on user tax income and trust fund management.

I emphasize that the term "air carrier airport," as used in our proposed legislation, means any air traffic hub or nonhub receiving scheduled service by an air carrier or air carriers certificated by the Civil Aeronautics Board. The term does not contemplate or imply segregation of any public use. Federal-aided airport for air carrier utilization only.

Mr. President, I do not believe in total reliance on annual appropriations from the Treasury general fund for Federal aid to airport development, other than for the small so-called community economic development airfields. And, certainly, I am opposed to levying new aviation user taxes predicated on their use for airports and airways development purposes, only to have them commingled in the Treasury general funds.

As was done when highway user taxes were imposed, we should provide that 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 airways development, but without a trust fund arrangement. 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 Oklahoma [Mr. MONRONEY]. That subcommittee held hearings last fall on the airports and airways problems 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 that tentative report issued by the Aviation Subcommittee earlier this year on the basis of its findings during the 1967 hearings. The air carrier industry is almost unanimous, I am told in endorsing most of the recommendations of the subcommittee. Through the Air Transport Association, the scheduled carriers are on the record with their views, as are most other segments of the aviation industry. Spokesmen for the administration likewise are on the record of the general hearings. But now there is to be a round of hearings on specific legislation.

Frankly, Mr. President, I believe the best specific recommendations for a program of airport development through the user tax-trust fund arrangement have been those proposed on behalf of the air carrier industry by Stuart G. Tipton, president of the Air Transport Association. Those recommendations are well represented in 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 Aviation Subcommittee and the full Commerce Committee at the time of the hearings. They merit consideration, as do the administration proposals and numerous cogent and pertinent concepts espoused by the chairmen and members of both the subcommittee and the full committee.

I have confidence that there will emerge from the subcommittee chaired by the able Senator from Oklahoma [Mr. MONRONEY] and the parent Commerce Committee headed by the distinguished senior Senator from Washington [Mr. MAGNUSON] a comprehensive legislative solution to the serious airports and airways system problems.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief 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:

FEDERAL AIRPORT DEVELOPMENT ACT OF 1968
OUTLINE OF PROVISIONS

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. While the trust-funded program would function without general tax revenues, it does not preclude such appropriations.
3. Fund would be used:
 - (a) primarily for contracts of up to 40 years in length by the Secretary of Transportation with local airport sponsors to pay up to 75% of the principal and interest of local airport bonds for airfield and terminal projects; and/or,
 - (b) to guarantee the full amount of such local bonds; and/or,
 - (c) to purchase local airport bonds for resale; and,
 - (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 designed to relieve congestion at major airports.
5. Contemplates continuation and extension of authorization of FAAP program continuance for small economic development airports and for general aviation airports.
6. Tax revenues of \$109 million could be realized in FY 1969 and would support issuance of \$1,950,000,000 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 the expenditures to meet the obligations incurred. The program is proposed as a means of generating large amounts of capital to meet the nation's most immediate major airport construction requirements 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 (42 U.S.C. 1410). The trust fund feature is patterned in part on the Highway Trust Fund. (see 23 U.S.C. 120, note)

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

Mr. RANDOLPH. I yield.

Mr. LAUSCHE. Do I correctly understand that the bill just submitted by the Senator from West Virginia contemplates establishing a trust fund, similar to the trust fund under which highways are built, for the construction of airport expansion and new facilities?

Mr. RANDOLPH. The understanding of the Senator from Ohio is correct.

Mr. LAUSCHE. And what is the tax that would be imposed upon the cost of the ticket?

Mr. RANDOLPH. Two percent on domestic passenger tickets and \$2 per passenger on foreign air transportation at airports where the passenger would originate his trip in the United States.

Mr. LAUSCHE. I assume that the Senator anticipates that the future will demand larger airports and more airports, and that instead of paying for their construction out of the general fund, the users of the airports should share the major part of the cost.

Mr. RANDOLPH. The Senator from Ohio is correct.

In the earlier days of our highway program in this country, we had no trust

Transportation
air

fund. We came, of course, to 1956, when we needed an interstate system, and we went to the trust fund for our road development.

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. LAUSCHE. Will the Senator allow me to become a cosponsor of the measure?

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

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3641) to provide additional Federal assistance in connection with the construction, alteration, or improvement of air carrier and general purpose airports, airport terminals, and related facilities, and for other purposes, introduced by Mr. RANDOLPH (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Commerce.

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 registration of firearms. The measure was designed to supplement and strengthen both our existing gun control laws and the recently passed legislation awaiting the signature of the President, as well as the additional legislation I hope we will soon approve.

With the same sense of urgency, I rise today to offer on behalf of myself and Senator HARR a bill to prohibit the sale to private parties of destructive devices, machineguns, short-barreled shotguns, and short-barreled rifles. There is no conceivable reason why such weapons should be sold to private parties. Destructive devices have been defined to include "any explosive, incendiary, or poison gas bombs, grenade, mine, rocket, or similar device; and any type of weapon which will or is designed to or may readily be converted to expel a projectile by the action of any explosive and having any barrel with a bore of one-half inch or more in diameter." They are obviously weapons of war, not suitable for personal use.

At the present time, weapons of this description can be purchased by a private citizen with no significant controls whatsoever, and with no effective provision that the purchase be reported to the appropriate law-enforcement officers.

The omnibus crime control bill, which was recently considered by this body and which is now awaiting the President's signature, provides that destructive devices can be sold to anyone who obtains a sworn statement from his local law-enforcement officer that there is no law against his possession of such weapons, and that there is no reason to believe that the weapon will be used for unlaw-

ful purposes. Conceivably an individual could even acquire a nuclear weapon under so broad a provision.

Mr. President, I fail to see any convincing reason for permitting the sale of such weapons to private parties.

Destructive devices have no reasonable use for sport or recreation. They are entirely inappropriate to household protection. They should simply be removed from the market. Therefore, in anticipation that the recently passed title IV will become law, I introduce again today a bill to prohibit the sale of destructive devices to individuals. I hope and believe that when the Senate has had a fuller opportunity to consider the merits of this proposal it will receive the strong endorsement of this body and the House of Representatives.

I sent the bill to the desk and ask that it be printed in full at this point in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3643) to amend title 18, United States Code, to prohibit the sale and delivery of destructive devices, machineguns, short-barreled shotguns, and short-barreled rifles, introduced by Mr. BROOKE, for himself and Mr. HARR, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD.

S. 3643

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby finds that destructive devices (as defined in title 18, United States Code), machineguns, short-barreled shotguns, and short-barreled rifles are primarily weapons of war which have no appropriate use as instruments of sport, recreation or personal defense; that intrastate commerce in such devices and weapons affects the flow of interstate and foreign commerce in such devices and weapons; and that therefore it is necessary to regulate all commerce in such devices and weapons.

Sec. 2. (a) section 922(b)(4) of 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, or short-barreled rifle."

(b) Section 922(b) of such title is amended by adding at the end thereof the following new sentence: "Paragraph (4) of this subsection shall not apply to any research organization designated by the Secretary."

Sec. 3. The amendments made by this Act shall become effective 30 days after the date of its enactment.

S. 3645—INTRODUCTION OF BILL TO BE KNOWN AS THE AIRPORT DEVELOPMENT ACT OF 1968—NOTICE OF HEARINGS

Mr. MONRONEY. Mr. President, I introduce, 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. I ask unanimous consent that there be printed in the RECORD at this point a letter from Secretary of Transportation Alan S.

Boyd to the Vice President transmitting this proposed bill, together with a section-by-section analysis of the provisions contained in the bill.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter and section-by-section analysis will be printed in the RECORD.

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

The letter and section-by-section analysis, presented by Mr. MONRONEY, are as follows:

THE SECRETARY OF TRANSPORTATION,
Washington, D.C.

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

DEAR 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", together with a section-by-section analysis.

This proposed bill would chart a new course for Federal assistance to airport development. It would authorize direct loans for development of airports which are potentially viable but for which loans in the private market cannot be obtained on reasonable terms. The loans outstanding at any one time would be limited to \$1,000,000,000.

To assist development of airports served by local service carriers receiving operating subsidy from the Civil Aeronautics Board, the bill would authorize grants up to 50 percent of the cost of projects attributable to service by the subsidized carrier. As a condition to a grant, the Secretary would have to find, after consultation with the Board, that the cost of the project did not exceed the value of the service to be provided.

All of the proposed Federal assistance would be available only for development projects related to landing areas and safety facilities. It would not be available for terminal, hangar, parking, and other passenger service or industrial purposes.

The bill would require the Secretary to prepare, within two years, and revise at least every two years thereafter, a plan for the National Airport System. The plan must set forth for at least a ten-year period the type and estimated cost of all airport development required to meet the needs for airport facilities in locations served by air carriers, for the national defense and postal service, and for the economic development objectives of the States and their subdivisions.

The growth in aviation activity, both air carrier and general aviation, will continue to create a demand for expanded airport facilities. The Federal Government has a substantial interest in the orderly development of our Nation's airports, but this Federal interest should not be considered overriding. Our civil airports are owned and operated by State and local governments or by private individuals. They are used by privately-owned common carriers, by private corporations, and by private individuals. They are financed largely by these users and by the communities served. The interests and responsibilities of these groups must be recognized in our policies and our planning.

The aviation industry has reached a new stage of maturity. The evidence is clear that Federal grant assistance is no longer required at most airports. With few exceptions, the direct users of an airport are financially capable of bearing the full costs of development and operation. Certainly, the

unsubsidized airlines are capable as a regulated industry, of bearing the full costs of their operations. Today, less than 2 percent 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 modest fee sufficient to develop and support these airports would be negligible in most cases.

A reasonable system of charges should provide communities sufficient revenues to attract private financing of needed airport development. There are, however, special cases where Federal financial assistance must be continued and the proposed bill would do this.

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

Sincerely,

ALAN S. BOYD.

SECTION-BY-SECTION ANALYSIS OF A BILL TO AUTHORIZE THE SECRETARY 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 is a need for more extensive planning for future airport facilities and the provision of Federal financial assistance where private capital is not available on reasonable terms.

Section 3. Airport Loans. This section authorizes the Secretary to purchase securities or make loans for projects for the construction of landing areas and other facilities and interests in land necessary to the operation of aircraft. The loans are subject to certain findings, the most important of which, is that the project cannot be financed on reasonable terms without Federal assistance. It is contemplated that loans would be made for all or part of the project costs, depending upon whether private financing or grants were available for any part of the costs. Securities purchased or loans made could not exceed 30 years maturity, and would bear interest at current Treasury rates. Total loans outstanding could not exceed \$1 billion.

Section 4. Grants to Airports Served by Local Service Carriers. This section authorizes the Secretary to make grants for airport development at those airports at which the only certificated service is provided by airlines receiving operating subsidy from the Civil Aeronautics Board. Grants may be made only for projects attributable to the operations of the certificated carrier, and only where the Secretary finds, after consultation with the Board, that the cost of the project does not substantially exceed the value of the service to be provided by the carrier. The Federal share may not exceed 50 percent of the project cost. The total grant authorization is \$100 million. If the demand exceeds funds available, the Secretary must apportion funds, taking into consideration the relative effect of each project on the air transportation service available to the locality served, and the need to develop a balanced airport system.

Section 5. Advances of Funds. This section authorizes the Secretary to advance funds to an airport eligible for assistance under sections 3 or 4 for the purpose of preparing plans and specifications, and taking other actions preliminary to construction, including the acquisition of land and interests therein.

Section 6. National Airport System Planning. This section directs the Secretary to prepare, periodically revise, and report progress on a plan for the National Airport Sys-

tem which extends for at least ten years; includes all types of development required for cargo, passenger, and aircraft handling; and covers all airport development needed in locations served by air carriers, for the special needs of national defense and the postal service, and to carry out the economic development objectives of State and local governments.

Section 7. Separate Fund. This section establishes a separate fund in the Treasury for the purpose of financing the loan program authorized by section 3. The initial capitalization of the fund will be made by appropriations. The Federal National Mortgage Association Charter Act is amended to authorize the Secretary to establish trusts with the FNMA for the resale of obligations acquired under the loan program. All expenses associated with the administration of section 3 will be paid from the fund.

Section 8. Definitions. This section defines the terms "landing areas", "public agency", and "Secretary" for the purpose of their use in the Act.

Section 9. Appropriations. This section authorizes appropriations necessary to carry out the Act.

Section 10. Effective Date. The Act is to become effective July 1, 1969.

Mr. MONRONEY. Mr. President, the bill would authorize direct loans for landing area and safety facility development in an amount not to exceed \$1 billion. In addition there would be authorized \$100 million for 50-percent matching grants at those airports served exclusively by local service carriers.

The need for a new Federal airport assistance program is unquestioned and is amply documented not only by the Secretary's letter, but also by the interim report issued by the Aviation Subcommittee of the Committee on Commerce last January. I introduce this bill so that it can be considered, along with other proposals for airport development during the hearings I have scheduled for Tuesday, June 18.

S. 3648—INTRODUCTION OF BILL TO AUTHORIZE THE PAYMENT OF EXPENSES OF TRANSPORTING BODIES OF FEDERAL EMPLOYEES FROM ALASKA AND HAWAII TO THEIR FORMER HOMES

Mr. GRUENING. 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 dies while performing official duties in Alaska or Hawaii, and for other purposes.

This bill is introduced at the request of the Secretary of Transportation. The Secretary has indicated in his request to the President of the Senate that up until the time that Alaska and Hawaii became States, the act of July 8, 1940—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, and the expenses of transporting his family and household effects to his former home. However, the change in political status of Alaska and Hawaii from territories to States had the effect of canceling the

authority, because the authorizing provisions contained the geographical description of "a Territory or possession of the United States," and, therefore, excluded Alaska and Hawaii when they became States. The purpose of this proposed legislation is to restore applicability to employees dying in those two States.

I ask unanimous consent that the letter dated May 13, 1968, to the President of the Senate from the Secretary of Transportation be printed in the RECORD at this point, as a part of my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection the letter will be printed in the RECORD.

The bill (S. 3648) to authorize the payment of the expense of preparing and transporting to his home or place of interment the remains of a Federal employee who dies while performing official duties in Alaska or Hawaii, and for other purposes introduced by Mr. GRUENING, was received, read twice by its title and referred to the Committee on Government Operations.

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

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., May 13, 1968.

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

DEAR MR. PRESIDENT: Enclosed is a draft of 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 dies while performing official duties in Alaska or Hawaii, and for other purposes."

It is recommended that it be enacted by the Congress.

Up until the time that Alaska and Hawaii became States, the Act of July 8, 1940 (now codified in Title 5 of the United States Code as 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 and Hawaii, and the expenses of transporting his family and household effects to his former home. However, the change in political status of Alaska and Hawaii from Territories to States had the effect of canceling the authority, because the authorizing provisions contained the geographical description of "a Territory or possession of the United States", and, therefore, excluded Alaska and Hawaii when they became States. The purpose of this proposal is to restore applicability to employees dying in those two States.

The authority to pay a third category of expenses, transportation of the remains of dependents of employees stationed in Alaska or Hawaii to their former home, was added to the 1940 Act by section 7(b) of the Act of July 15, 1954. This authority was not affected when Alaska and Hawaii became States, because the 1954 amendment contained the geographical description of "a place outside the continental United States or in Alaska". Thus, since enactment of the Act of July 15, 1954, we have had the inconsistent situation where the remains of a dependent of an employee stationed in Alaska or Hawaii can be returned at Government expense, but the remains of the employee cannot be.

This bill is motivated by geography not political status. It does not involve special legislative treatment for Alaska and Hawaii. It does involve recognition of geographical factors which the conferring of political status could not change and which pose

cal jackals smelling the blood of the old lion in the presidential palace.

The union leaders, especially communists, started out after bread-and-butter issues while many young workers wanted a new society. Now it appears the leaders have learned from their troops and also seek to overthrow the government.

**GENERAL ACCEPTANCE CORP.
AND GOVERNMENT**

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

Mr. ROONEY of Pennsylvania. Mr. Speaker, ever since I first entered public life I have tried to encourage maximum participation in the many facets of public policymaking from the private sectors of our Nation.

It is my conviction every franchised citizen should exercise his voice and his vote in the best interests of his Nation, his State, his community, and himself. Not only does he have the right to be heard in the affairs of the public, but also he has a very definite responsibility to participate.

In the past, I have observed with disturbing regularity efforts by some employers in the private sector to discourage their employees from engaging in community, civic, or governmental affairs. Whenever possible, I have urged reevaluation of such policies because they are totally inconsistent with the basic principles of our democratic society.

This week, a statement of policy issued by the General Acceptance Corp., based in my congressional district, came to my attention. Because it is an extraordinarily positive policy which recognizes fully the importance of responsible citizen participation in public affairs, I am pleased to be able to bring this policy to the attention of my colleagues.

It includes both a statement of GAC's resolve to fulfill its role as a corporate citizen, by Mr. S. H. Wills, president and chairman of the board, and a policy statement encouraging employee activity:

PUBLIC RELATIONS POLICY

The lives and future welfare of GAC employees and their families have been and will continue to be greatly influenced by public affairs. Public policy as developed by community, civic and governmental activities covers a wide area, bearing directly on the future status of free competitive enterprise in this complex society. If we are to have a voice in the formation of that policy, we must take an active interest.

The employees of the GAC Corporation and its subsidiaries should express informed interest and actively participate in public affairs. In doing so, they will assist in fulfilling the objectives of keeping our Nation strong and our social and our economic institutions viable. GAC employees are urged to seek out those cultural, governmental, or community service activities suited to their particular talents, interests, and preferences.

In addition, the Corporation encourages all employees to support the political parties of their choice with their time and talents and whenever possible, to take an active part in the bi-partisan processes of government in the communities where they live. This should include:

1. Registering with a lawful political party.

2. Informing one's self on issues and candidates.

3. Contributing to the party of your choice.

4. Voting in political elections.

Moreover, employees are free to express their opinions regardless of where they stand on political issues. In instances where an employee is asked to speak for the Corporation on a matter on which he personally holds views contrary to the company position, he is free to decline to speak.

The Corporation believes that if all employees inform themselves of the major public issues and problems at the National, State, and local levels, they will be able to participate more effectively as individuals in civic, business and political affairs.

**STATEMENT OF S. H. WILLS, PRESIDENT AND
CHAIRMAN OF THE BOARD**

There has long been a need for business people to speak out and act in support of their convictions. By the same token, sound business policies for this Corporation can be developed only with a full understanding of the influence that various other interests exert at the Federal, State, and local levels. With these realities in mind, we recognize one of the basic requirements of a true democracy is that all of its components be articulate in their own best interests, consistent with the best interests of our society as a whole.

Therefore, with a strong desire for GAC to portray a positive business image, dedicated to fostering the principles of the free enterprise system and Constitutional government, the Corporation intends to participate actively in significant public relations and civic affairs programs. The Corporation has an obligation to respond to unfavorable and unsound political, social, and economic stimuli on behalf of its owner-shareholders, its employees, its customers and its neighbors.

In the following policy statement we urge each employee, as a private citizen, to assume this essential role, as GAC intends as a corporate citizen.

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

[Mr. SIKES' remarks will appear hereafter in the Extensions of Remarks.]

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

[Mr. EDMONDSON'S remarks will appear hereafter in the Extensions of Remarks.]

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

[Mr. EDMONDSON'S remarks will appear hereafter in the Extensions of Remarks.]

**NEW STATISTICS SHOW FARMER,
SINKING FURTHER INTO ECONOMIC QUICKSAND**

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

Mr. LANGEN. Mr. Speaker, the House Republican Agriculture Task Force, of which I have the privilege of being

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 tells us that farm production expenses this year may run up to \$1½ 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 on a per-acre basis. Capital expenditures, including farm buildings, vehicles and other machinery and equipment, have risen 55 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. Compare such increases with 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 on 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 policies.

It is evident that the policies developed during the past 7 years in Washington need a transfusion 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 result in the immediate reversal of these deplorable conditions and I would be less than candid to suggest any other course than to get to the root of the problem by changing the leadership that has brought rural America so far down the road to ruin.

LOTS OF LUCK

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

Mr. MAILLIARD. Mr. Speaker, on May 22—National Maritime Day, 1968—the distinguished chairman of our Committee on Merchant Marine and Fisheries wrote to the President pointing up the needs of the American maritime industry and concluding that only he, the President of the United States, could right the neglect and wrong our Merchant Marine has felt for so many years.

To the gentleman from Maryland, I say, "Lots of luck." Two years ago on a similar occasion—National Maritime Day, 1966—I addressed an open letter to the President, expressing a similar alarm over the deterioration of our maritime posture and suggesting certain areas for immediate action. Unfortu-

nately, my expression of concern apparently fell upon deaf ears. For the sake of the American Merchant Marine, I only hope my colleague fares 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 follows:

COMMITTEE ON
MERCHANT MARINE AND FISHERIES,
Washington, D.C., May 22, 1968.

The President,
The White House,
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 essentiality of creating cooperative attitudes and relationships between the White House and the Congress.

In recent days, I personally, as Chairman of the House Committee on Merchant Marine and Fisheries, and my colleagues, have been treated to a rare indignity which we collectively feel has been most offensive.

On April 23, 1968, our Committee commenced hearings on legislation to formulate, modify and improve our merchant marine through a national policy. We recognized that it was impossible to delay much longer initiating mechanisms to rectify the many 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 approving the creation of the Department of Transportation, specifically excluded from that department maritime functions.

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

For the Secretary of Commerce, with maritime authority under him, to decline our invitation and, in fact, delegate it to the Secretary of Transportation who has been denied such custody, creates confusion for all of us and, even worse, denotes a total rejection of the expressed will of Congress.

We all realize that our merchant marine program is largely contingent upon the scope of Federal appropriations therefor. While we are in the midst of prolonged and basic hearings on this vital subject, we were kept unaware of the Administration's thinking on the amount of appropriations that might be requested in the future. Instead, we learned of the Administration's point of view in this regard from the public press on May 9. On that day, the Baltimore Sun reported, and Secretary Boyd has confirmed the reliability of that report, to the effect that if the Administration is required to seek reductions in Federal expenditures, one of the vehicles chosen would in effect decimate even the very limited appropriations earlier requested.

This, Mr. President, is the equivalent of ending new merchant construction for at least a full year, perhaps longer. This step was apparently taken within the Administration without prior consultation with responsible Congressional leaders of your own Party. You can, I am sure, appreciate my shock, not only at the substantive suggestion but at being advised thereof by the press.

Last fall, Mr. President, you indicated to me and others of the House and Senate your desire to move forward with an improved modernized merchant marine in light of its

present decrepit state. You recognized maritime industry's vital trade and defense role which will continue to be demanded of it and which demands it has always met in the past.

That need continues at this very moment but no progress is as yet in sight. Instead, we are treated to a few examples of lack of concern—perhaps even worse.

In these critical times, it is essential that positive and constructive declarations on our merchant marine come from you as our national leader. This is a pressing need. We in Congress can then seek to legislate your maritime wishes. We must not, however, be placed in a position of being both slighted and ignored. The Administration's spokesman at the departmental level must not be the head of an agency who has been denied this authority by the Congress itself.

Hopefully, it is not already too late, but I fear only you can right the neglect and wrong our merchant marine has felt for too many years.

Sincerely,

EDWARD A. GARMATZ,
Chairman.

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 stir them into taking constructive action on the problems of the American Merchant Marine. I have made public speeches. I have spoken on the floor of the House. I have appeared before Congressional Committees. I have communicated with the Maritime Administrator, the Under-Secretary of Commerce for Transportation, the Secretary of Commerce, various members of the Department of Defense, and yes, even the Secretary of Defense himself. I stand before you this evening, feeling like a 20th Century Paul Revere whose cries of alarm have fallen upon deaf ears.

Let us not, therefore, delude ourselves any further. You know and I know there is but one man today who can remedy the current inadequacies of the government's role in maritime affairs. That one man is the President of the United States. For no matter how arduously Congress may labor to bring about a constructive maritime program, success or failure is wholly dependent upon Executive implementation. Therefore, this evening I will make my presentation to you 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 ever-deepening crisis developing in the American Merchant Marine. I unfortunately find little cause for celebration on this festive occasion, since it is my personal belief as a private citizen, as a Naval officer, and as a Member of Congress that, because of the present attitude of the federal government, the American merchant marine today is being steered along a course to disaster. If we hope to preserve the American merchant marine as a useful and effective national asset, we must come to grips with its problems without further delay. Conditions have been allowed to deteriorate to such an extent that now, Mr. President, you and you alone can rescue the American Merchant Marine from the arena of endless academic debate.

"We have endured patiently at least five years of extensive study of the ills 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 the contrary, each and every study has served only 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 economic life within the next five years, we can no longer afford further pursuit of this dilatory and most unprofitable course.

"We had hoped that the 'new' maritime policy which you promised in your State of the Union Message in January 1965 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 abate the conflict. Rather they have served 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.

"So confused has this matter become that today we are unable even to get agreement on the existing condition of the merchant marine, much less on a new policy. We have, for example, the Maritime Administrator stating that, and I quote: 'Our present fleet is, for the most part, physically obsolete.' The Deputy Maritime Administrator states, and I quote: '... I, for one, fail to find that our merchant marine is in a disastrous situation.' Finally, we have the Secretary of Defense, to whom a considerable amount of responsibility for the industry appears to have been abdicated contrary to existing law, stating that the American Merchant Marine is 'adequate.' Yet high-ranking professional Naval officers frequently have stated that it is *not* adequate.

"Mr. President, this current confusion is simply a manifestation of my worst fears entertained in 1961 when the Maritime Administration was placed within the Department of Commerce. In a word, we are bankrupt—bankrupt in federal maritime leadership; and because of it we find ourselves in this present deplorable state of affairs. Only you, Mr. President, can bring some semblance of order out of this chaos.

"I respectfully suggest that there are answers to the current problems facing the American Merchant Marine. The situation is not incapable of 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, and I quote: '... we will continue to need ships—fast, modern descendants of the famous "Clippers"—to carry our products to the far corners of the earth.' I fear that under existing conditions these ships will never be constructed. The subsidized ship replacement program today is more than 90 ships behind schedule. Yet the Congress has before it your budget request for fiscal year 1967, which will allow the construction of only 9 to 11 ships. I respectfully suggest that this level of federal expenditures for ship construction is totally inadequate. We are, for example, scrapping ships from our National Defense Reserve Fleet at ten times the rate of construction provided for under this current request.

"I believe you will find upon examination of budget requests over the last several years that the allocation of our national resources to maritime affairs is becoming progressively smaller, while the problems of the industry are getting progressively larger and larger. Even compared 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 requested for ship construction in fiscal 1959 at a time when the total federal budget was only about 60% of that being requested

Transportation

June 4, 1968

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.
 2. The NMU (AFL-CIO Maritime Committee - NMEBA, ARA, ILA, MM&P, I.U. of Marine and Shipbuilding Workers) numbers about 350-400 thousand voters.
 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.

Mr. Lon Woodbury - 4.

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.