

HOUSING AND URBAN DEVELOPMENT LEGISLATION AND URBAN INSURANCE, 1968

FRIDAY, MARCH 22, 1968

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

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

Present: Representatives Barrett, Reuss, Widnall, Dwyer, Clawson, and Brown.

Mr. BARRETT. The meeting will come to order, please.

Our first witness this morning is Mr. Al Walsh, chairman of the New York Housing Authority, and Jay Nathan, administrator, Housing and Development Administration of New York City.

Come up here, Al, and Jay, and make yourselves feel at home.

We usually tell the people who come here to testify the policy of this committee is to try to make everybody feel at home, to give them that living room comfort, and we hope that you and Jay can have this feeling radiated to you from this committee.

Any way you desire to offer your testimony, if you want to give it in part—and, Jay, that goes for you also—we will be glad to abide by whatever method you choose.

After you have finished your testimony, we may desire to ask you one or two questions.

STATEMENTS OF ALBERT A. WALSH, CHAIRMAN, NEW YORK CITY HOUSING AUTHORITY, AND JASON R. NATHAN, ADMIN- ISTRATOR, CITY OF NEW YORK HOUSING AND DEVELOPMENT ADMINISTRATION

Mr. WALSH. Jay and I have discussed this, and since his statement deals with the entire Act and mine is rather more specifically related to public housing, we thought it might be logical to proceed from the general to the specific, and so Mr. Nathan will lead off.

Mr. NATHAN. I am Jason R. Nathan, administrator of the Housing and Development Administration of the City of New York. It is a privilege to appear before you this morning to comment on H.R. 15624, the administration's proposed Housing and Urban Development Act of 1968.

Mr. Chairman, all of us at the Federal, State and local level who share responsibility for the future of our cities face a serious, and in many ways a tragic dilemma in 1968. We are all aware of the desperate

It seems to me, however, that the kinds of housing plus programs that are being, the kind of family service programs, the kinds of home keeping and home making programs that are being put together with housing programs, the kinds of programs directed toward giving the families the opportunity and the education about the values and methods and practices of good home ownership or good apartment dwelling, are all involved in this process.

I have a second feeling on this as to whether or not this will be a difficult process.

There is such a need that if this theoretical walk away took place there would be a replacement or five standing in the wings.

Mr. CLAWSON. You think there would be plenty of applicants?

Mr. NATHAN. Certainly. And I have a strong feeling if the home ownership were placed into effect, I have a strong feeling this emotional feeling about this is mine, which we see in Harlem, we see in Bedford-Stuyvesant and East New York, we want a piece of the action. We want to feel this is ours.

Mr. CLAWSON. With the new applicants, however, you are going to experience the same thing at the start with the increased cost of interest and so on. Will you be multiplying the cost with turnover and more applicants standing in the wings?

Mr. NATHAN. I frankly don't foresee this as a real problem.

Mr. CLAWSON. In my particular area of California I watched this development during a period of transition when we saw a lot of GI's with no equity in their homes pick up en masse and move out of their homes and walk away from the obligation.

Mr. NATHAN. There have been cases like that around the country, but at the same time I think it is also true that the GI mortgage program, despite its tremendous advantage feature and despite its low initial investment, it has been one of the most trouble-free programs that FHA—

Mr. CLAWSON. I think that is true. But they didn't have the interest subsidy at that point. It has been a good program in our State.

Mr. NATHAN. We did not have the interest subsidy. But it seems to me the principle, and the feeling is mine, we see it every day in the ghetto neighborhood, the desire to have a sense of ownership and sense of participation is terribly strong. We have never in our cities, we have never had the capacity to make this possible. And I have a very strong feeling, more than a suspicion, a very strong conviction that the problem of the walk-away will not be our main problem.

Mr. CLAWSON. I certainly hope you are right.

The AFL-CIO witness that we had before us earlier this week indicated we might be placing a tremendous burden of home-ownership upon people who may not be prepared to assume that burden, and they listed many problems of homeownership over the long haul.

Mr. NATHAN. I don't like to characterize any one stage. That smacks of paternalism, in my opinion.

Mr. BARRETT. Thank you, Mr. Walsh and Mr. Nathan. All time has expired and I am very grateful for your coming here and giving us such splendid testimony this morning.

Our next witness this morning will be Mr. Q. V. Williamson, President, National Association of Real Estate Brokers.

Mr. Williamson, we are very happy to have you. I think you have heard my expression here maybe several times, that it is the desire of this Committee to make everybody feel at home, and we certainly want you to have that same feeling.

If our desire to give you this feeling can permeate over there to you, we want you to feel that you are ensconced in a nice plush chair at home and have the freedom that you find necessary to make your statement. We want you to know that you are among friends.

I am sure the Members here would like to ask you a few questions after you have completed your testimony.

I think you will find them very courteous and very cooperative.

You may, if you desire, read your testimony in full; if you want to give it extemporaneously, you may.

STATEMENT OF Q. V. WILLIAMSON, PRESIDENT, NATIONAL ASSOCIATION OF REAL ESTATE BROKERS; ACCOMPANIED BY THEODORE BARNES AND THEODORE R. BRITTON, Jr.

Mr. WILLIAMSON. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, my name is Q. V. Williamson, and I am President of the National Association of Real Estate Brokers, Inc. I am from Atlanta, Ga.

I have with me two of the members of our board of directors of our national association, Mr. Theodore Barnes on my far right, from Detroit, Mich., and Mr. Theodore Britton, next to me, from New York City.

We are pleased at the privilege to appear before this Committee considering what we believe to be the most important legislation to come before Congress in several years. Important because it take cognizance of the fact that we are indeed in the midst of an urban crisis that can only be solved by positive action on an unprecedented scale.

We wish to commend the President on his message to the Congress on housing and the cities, followed up with the proposals for dealing with the crisis in the cities.

The revitalization of our cities will offer for all Americans the hope of decent housing, education and jobs. These are indeed the vital weapons designed to combat the urban crisis of today.

We of the National Association of Real Estate Brokers would like to indicate that our position on this pending legislation is a positive one, though we are concerned with the proposal to separate FNMA's secondary mortgage operations into a private corporation, and the proposal to eliminate the statutory ceiling on FHA interest rates at 6 percent. We shall discuss these proposals as we proceed with our comments.

HOME OWNERSHIP

We agree with the Secretary of HUD that homeownership is not possible for most low and moderate income families, and that it does remain the goal toward which many of these families strive. We are inescapably most familiar with the desire of Negroes for home ownership. We believe as does the Secretary that home ownership engenders responsibility and stability. We note that the 5 year program aims at ownership of new and rehabilitated structures for families with in-

comes as low as \$3,600 per year through a Federal interest subsidy of the difference between 1 percent and the current market rate of interest. We are pleased that the bill will provide appropriate counseling for those families that qualify for ownership. We can testify from our members' experience that both of these provisions are urgently needed.

We support the proposals in the bill which would provide for relaxation of mortgage insurance requirements, the provision for credit assistance, and for assistance to non-profit sponsors of low and moderate income housing. In the past we have indicated in separate memoranda to the Secretary of HUD our concern for those families in need of credit assistance, as well as our desire to stimulate the interest of potential non-profit sponsors of low and moderate income housing. On this point may I say that we are particularly pleased that the bill makes provision for vitally needed technical assistance to nonprofit sponsors. In many instances, the potential nonprofit sponsor is reluctant to assume the sponsorship role because of the lack of experience and technical capacity to develop housing. Certainly if HUD could undertake a program of appropriate technical assistance, with respect to the construction, rehabilitation, and operation of low and moderate income housing, the possibility of securing additional sponsors would be greatly enhanced.

PUBLIC HOUSING

We believe, unequivocally, in the national goal for decent housing for all people. We believe in and have always supported the concept of public housing for low income families, and feel that the goal of 775,000 units over the next 5 years will go a long way towards meeting the increasing demand for housing among low income people.

We also enthusiastically support the turnkey program, whereby private builders construct housing on their own land and sell it to the local housing authority, as well as the management of low-rent housing programs by private companies.

We agree fully with the Secretary of HUD when he says, "for public housing to meet its full responsibility towards those with the lowest incomes, it must provide more than shelter. Equally it must help residents improve their economic status." Section 204 of the bill authorizes grants to be given to housing authorities to carry out programs of tenant services. We heartily support this proposal.

RENT SUPPLEMENT PROGRAM

The National Association of Real Estate Brokers continues its support of this vital program. Indeed we would urge its funding on an even larger scale than that proposed. We recognize the fact that this program was underfunded last year, and strongly urge the Congress to grant at least the full request for the 5-year program.

FIIA INTEREST RATES

We generally deplore the continued escalation of interest rates, particularly in housing because such rate escalations become congealed in long term contracts. However, nonhousing interest rates may subsequently be adjusted downward. We are therefore extremely reluctant to go along with approval of authorization for the Secretary to adjust

the FHA interest rates above the present ceiling, however, in the light of the realities of the practical operation of interest rates in the money market, we realize that, unless interest rates in housing are allowed to adjust to the market rates, we face a situation where funds will cease to flow in the housing market except at discounts, which is merely another way of adjusting the effective rate in housing to the market rate condition.

Moreover, there seems to be no way of eliminating discounts under these circumstances. So we finally come to the reluctant decision to go along with the proposed authorization of the Secretary to make adjustment in FHA rates to the market conditions as he finds necessary.

URBAN RENEWAL

We continue to support urban renewal for we know that it is the instrument for removing blight in our cities. But in many areas, controversy has surrounded this program because of the displacement and inadequate relocation treatment and rehousing. Families displaced by the elimination of substandard or slum housing must be given proper assistance in finding adequate homes they can afford and in making satisfactory adjustments in the new environment. The pending legislation would permit detailed planning and execution to proceed segment by segment in an urban renewal area. We are pleased to note that this bill takes into consideration the problems encountered by displaced persons seeking decent shelter and self-adjustment.

NATIONAL HOUSING PARTNERSHIPS

We support this program for it is designed to attract the private sector of our economy to participate in the provision of housing for low and moderate income families. Managerial and technical skills, as well as private funds are needed in this section of the housing market, and in our estimation will aid immeasurably in helping to meet the housing crisis.

FEDERALLY INSURED BACKED SECURITIES

The association supports this proposal to bring more money into the mortgage market through the proposal for the issuance of securities backed by a portfolio of mortgages. Many investors have been reluctant to put their money into mortgages because of the tremendous amount of time and bother involved with individual mortgages, and plus the fact that other investments account for comparable rates of return.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

The proposal to transfer the secondary market operation of FNMA to completely private ownership will be in keeping with the purpose of Congress as stated in section 303(g) of the Federal National Mortgage Association Charter Act. If this action will as is suggested, "provide an increasing and continuous flow of funds into residential financing", then it would be difficult to oppose. We will suggest however, that strong government influence and representation be maintained relative to policy making.

MASS TRANSPORTATION

Secretary Weaver recently said the building of a community without regard to today's transportation needs is like putting up a structure and adding elevators as an afterthought. We need only look at Watts or even cities close to us to understand the great problem engendered by lack of transportation for those persons desirous of getting out of the city into the suburbs where industry continues to locate. We need not be geniuses to understand how the prevailing situation affects low income residents.

We are pleased that the Department of Housing and Urban Development considers transportation an essential aspect of its development of the metropolitan community. We support those provisions that will aid in the revitalization of our cities and rural areas, and hope that the pending reorganization plan transferring certain functions of HUD to the Department of Transportation, if approved, will not dilute the influence that city problems have played on our transportation policies when these programs were located in HUD.

I do not wish to belabor a point, but it is absolutely necessary that we keep in mind the necessity for developing with deliberate haste adequate transportation facilities to serve the needs of residents in the ghettos of America. We contend that these areas have been ignored to the extent that the economic plight of the ghetto dweller has caused great despair on his part.

MODEL CITIES

We support the concept of the model cities program, for this is indeed a concentrated effort for dealing with the total fabric of our neglected and deteriorating cities. This program will offer hope to millions of people who encounter human and physical problems daily as a matter of course. We are convinced that if these people are given hope of a future, we take a giant stride towards eradicating those ills that give rise to the riots and civil disorders so prevalent in the last few years.

We urge Congress to consider making the requested grants of \$1 billion for 1970, as well as the additional grant of \$1 billion for 1971.

Mr. Chairman, members of the subcommittee, may I please mention "The National Insurance Development Corporation Act of 1968" This bill provides ways of dealing with an insurance crisis in the cities. It recognizes that our American cities are being threatened by decay of their "inner city areas", and that this deterioration poses a serious threat to the National economy. It recognizes further, that insurance is an investment whereby the inner city areas can be saved. What better case can we present for passage of this legislation?

Mr. Chairman, the urban crisis facing our Nation today requires action on all fronts to eliminate poverty, ghettos, and slums. These actions will require the concentrated efforts of local, State and National governments as well as efforts by private groups. The objectives of this legislation can be realized if these groups acting together wish it so.

Passage of the National Insurance Development Act is so very important. The President's National Advisory Panel on Insurance in riot affected areas points out that—

Insurance is essential to revitalize our cities. It is a cornerstone of credit. Without insurance, institutions will not and cannot make loans, new housing could not be constructed, and existing housing cannot be repaired. New businesses cannot expand, or even survive. Without insurance, buildings are left to deteriorate, services, goods, and jobs diminish. Efforts to build our inner cities cannot move forward. Communities without insurance are communities without hope.

Mr. Chairman, we will not suggest that the two bills that we have discussed here today are cure-alls for the problems that engulf us today, for these problems are deep rooted, nourished by our neglect of whole communities, their problems, and their people. These two bills will offer "renewed hope". Their full provisions represent the minimal for a real and significant start in stemming the tide of urban erosion.

We urge their passage. Passage of this legislation will indicate to all Americans, and the world, our willingness to embrace morality by coming to grips with a problem long in need of attention.

Mr. Chairman, in conclusion may I please suggest that my presence here today represents in essence that part of America that my fellow brokers are totally familiar with—the ghetto. We deal daily with the people that this legislation will affect most. We deal daily with families, distraught because of the circumstances that engulfs them. These adverse circumstances are prevalent because of housing segregation. Housing segregation in our estimation undergirds all other segregation. It determines the kind of education, the kind of job, and the kind of social activities that minority groups will be exposed to.

I know that open occupancy is not the issue here, but we cannot escape the fact that the majority of the slums and blighted areas are inhabited by Negroes. These people have been denied the right to safe, decent shelter. Consequently they have been denied the pursuit of happiness guaranteed every other citizen in this great country.

If we refuse this legislation, we ignore the slums, we perpetuate the ghetto. We say to those persons that would bare their grievances that we ignore your legitimate concerns. We would have you take matters in your hands and right the wrongs heaped on you by decades of deprivation, or we can say, we take a giant step today in passing legislation that takes cognizance of the needs and aspirations of citizens who have contributed greatly toward the greatness of America. Perhaps we are late in our effort, but we are willing to set the record straight. We offer a beginning. We will come here again and again and labor in earnest to make America truly the land of opportunity for all. We offer you renewed hope.

Thank you.

Mr. BARRETT. Thank you, Mr. Williamson, for your very fine statement.

We are very grateful for your coming here and giving us this very fine statement.

I do thank you in behalf of the subcommittee.

Probably, as you know, I have been opposed to the increase in the FHA interest rate above the present 6 percent.

If the Congress should approve this, however, would you agree that we should set a time, say perhaps for one or two years, to give Congress a clear opportunity to review this, in the light of the future money market conditions?

Mr. WILLIAMSON. Well, we don't mind giving the Congress time to look at it, if you take today, what the effective interest rate of the

FHA is now. We are right into the mortgages of 6 percent and when you go through the discount you have $6\frac{1}{4}$ or $7\frac{1}{2}$, which is competitive to the regular interest rate.

Mr. BARRETT. Who is to say it won't go up to seven?

Mr. WILLIAMSON. As I understand the bill, the Secretary of HUD would have authority to change the interest rate, if Congress so removed it and gave him this authority. But right now the lender determines the discount and if he says I will let you have money at 6, 8, or ten points, according to what effective rate he wants—the interest written into the note doesn't mean anything to him.

Mr. BARRETT. In 1953, we had 4 percent on the GI interest rate.

Mr. WILLIAMSON. That is right.

Mr. BARRETT. And we took that off and pushed it up to 6 percent and it is still up there. It has never come back.

Mr. WILLIAMSON. When we had 4 percent it was competitive in the money market with other government securities. But it moved up when the market interest rate moved up. But still we are charging a GI 6 percent. That isn't true. The effective rate they are paying is $7\frac{1}{2}$, $7\frac{1}{4}$ and $7\frac{1}{2}$.

Mr. BARNES. Mr. Chairman, that brings to light another point. At the point this interest rate was 4 percent the banks were paying $2\frac{1}{2}$ to 3 percent interest on their loans. The savings banks were paying, I think, about $2\frac{1}{2}$ percent.

Mr. BARRETT. You are speaking of the discount rate?

Mr. BARNES. We are speaking of interest—what they were paying on their savings.

Now, the banking industry has become highly competitive with everything else in trying to raise these interest rates.

Now, the higher the interest rates the higher the bank loans go. The higher the interest rate is going on housing loans. I think that Congress—you say they need a chance to review this. I think that the whole fiscal program needs a review. You need to go back to an equitable interest rate on savings and loans so that they don't compete to the point that they drive you completely out of the housing market.

Now, people would have been satisfied with $3\frac{1}{2}$ percent interest on their money, if all other interest rates had stayed in the same status. But see, you put the savings and loan interest rate in competition here and you are really running everybody out of the housing market because a man can take his money and put it into the savings and loans. The insurance companies are doing it and everybody. Because he can get $5\frac{1}{2}$ percent interest in the savings bank, why should he put money into housing?

While Congress is making this review they should review the whole interest package in America.

Mr. BARRETT. You agree then there ought to be a time limitation on it. It ought to come back for review after the first year?

Mr. BARNES. Yes. The trouble is if this interest rate is raised, we go along with it, to try to get some money into housing. But if this interest rate is raised then these people that you are trying to make housing available are priced out of the market. The interest rate determines the monthly payments on his mortgage. And it isn't any good to review this because those people have been run out of the market. They

have gone ahead and bought and they are stuck with a long-term high-interest mortgage. If you are going to make any review, and this is the House Banking and Currency Committee, why don't you make a review of the whole interest structure?

You can bring it into some compatibility and then you can have low-cost housing. You can take care of these people who are in the \$3,600 income bracket, if you would give this subsidy, but when you give this subsidy you still are almost running these people out of the market. And I think the whole interest structure has just gotten completely out of hand.

All of the money is tied up in the savings and loans where they can take this money and make short-term loans to industry to other facets and make more money off of it. But for housing, you talk about luxury housing, that is the only type of housing that can be built under the interest rates today.

Mr. CLAWSON. Would the Chairman yield at this point?

Mr. BARRETT. Yes.

Mr. CLAWSON. Isn't it true that the savings and loan industry provides almost all of their money in the housing mortgage market?

Mr. BARNES. Yes. But it doesn't reach the people that we are talking about that HUD is trying to reach. It doesn't reach the low- and moderate-income people.

Mr. CLAWSON. So you are relating your testimony to the low-income family that requires below market interest rates?

Mr. BARNES. Low- and moderate-income housing.

Mr. CLAWSON. Thank you.

Mr. BARRETT. Mr. Windall?

Mr. WIDNALL. Thank you, Mr. Chairman.

Mr. Williamson, and the last speaker—your name is?

Mr. BARNES. Barnes.

Mr. WIDNALL. I didn't catch the name when you offered it to the committee.

We very much appreciate your testimony here today and I am particularly appreciative of the fact it is very realistic when you are talking about interest rates and problems that are raised by it. You have certainly made a very wholesome suggestion of our overall study of the interest picture in the United States.

We have very serious problems to face up to and there is a very noticeable drying up in the availability of mortgage money right now. This is felt not just by the real estate brokers but by purchasers, by builders, and I know because they are constantly in touch with me and deploring the fact they are having to pay many points in order to obtain financing, and even if money is available.

May I ask you this: Are you familiar at all with the bill Senator Percy and I introduced last year, and many other Members of Congress, the National Home Ownership Foundation bill?

Mr. WILLIAMSON. I am not familiar with it. I heard of the bill.

Mr. WIDNALL. I will get you copies of it. But I think you will notice quite a similarity between that bill and what is now the administration bill a year later, in the approaches to many of these things.

Did you want to comment on that?

Mr. BARNES. No, I will reserve it. I may come back.

Mr. WIDNALL. I think there are many ideas in this bill that can be very helpful to the entire housing picture. And I say the basic disagreement, when we get to consider it before the full committee, will probably be over the approach and possibly the rule of Government in some of the ideas that are here—what is going to do the job, what will eliminate the red tape. You have just heard some testimony about this from some very knowledgeable witnesses this morning that this has caused the drag in so many programs and the discouragement of those who want to do the building and who want to do the renting and everything in connection with the whole program.

I can't help calling to your attention the fact that in the last few years about 90 percent of the urban renewal money in Atlanta, Georgia went for other than the things that were the hard core problems with the low income people and low middle income people—commercial renewal and other things. Isn't that so?

Mr. WILLIAMSON. That is true.

Mr. WIDNALL. What was the reason for that?

Mr. WILLIAMSON. The reason for it was the first urban renewal program was some slum housing that was in the downtown core area and the best reuse of this property was what they used it for, motels, hotels, and high rises, because it was right downtown.

Mr. WIDNALL. Well, was there adequate and good relocation of the families?

Mr. WILLIAMSON. There was fair relocation. It wasn't adequate and good. It was fair relocation for families there.

It wasn't what it could have been if the proper preparations had been made for an adequate relocation program.

Mr. WIDNALL. Didn't it lead to again a concentration of a minority group in another area rather than the area in which they were before?

Mr. WILLIAMSON. Right. This is what happened. But you see, the Government has got to gain the confidence of these people that are in the low and moderate income. When these programs come they don't believe that they are going to do what they are going to say so they go for themselves. As a result, no relocation program is going to be effective until they gain the confidence of the people.

Mr. WIDNALL. What you are saying is that Government has overpromised in the past and under performed?

Mr. WILLIAMSON. Under performed.

Mr. WIDNALL. And this is something that many of us have been worried about in the Congress. In fact, too much has been held out as to what we are going to do in the immediate future and we just don't have the means to do it.

Mr. WILLIAMSON. That is right.

Mr. WIDNALL. And it would be better to say what we can do and what we will do and what we can assure and not crush the hopes of a lot of people who really want to improve their lot, and they are entitled to have a better outlook.

Mr. WILLIAMSON. That is right.

Mr. WIDNALL. I think we are having a more realistic approach this year in the consideration of this housing bill and I am very hopeful what we come out with is going to be something not only palatable but workable and will have proven performance rather than promises.

We appreciate your being here today.

Mr. BARRETT. Mr. Brown?

Mr. BROWN. Thank you, Mr. Chairman.

I also would like to express my thanks to you for appearing here today.

Mr. Barnes, as the Representative here from Michigan I would especially like to express my thanks. My home is in Kalamazoo.

I was interested in the discussion on the interest rate because I have introduced legislation to eliminate the ceiling on FHA mortgages, because it appears to me what the present system merely provides the load at the front instead of spreading it out over the period of the contract; to have an unrealistic ceiling makes it more difficult for a person to obtain this money at a time when it is most unavailable to him.

So I am pleased to have your very frank suggestions on the matter, too.

Again, I would like to say it is a pleasure to have you here. I have no further questions.

Mr. BARRETT. Mr. Clawson?

Mr. CLAWSON. Thank you very much.

I share Mr. Widnall's viewpoint that you have been rather frank and certainly realistic in your statement today and I have no particular question. But I think your testimony is going to add a real contribution to our discussion when we start marking up this bill.

Mr. WILLIAMSON. Thank you.

Mr. BARNES. May I just say one other thing?

Mr. BARRETT. Yes, sir.

Mr. BARNES. You have here on mass transportation, the transferring of mass transportation to the Department of Transportation and taking it out of HUD.

Now, you always get bureaucracy when you do that. Transportation wants to say that it knows about transportation and HUD knows about housing and you keep your nose out of my transportation problem. What urban renewal has done, it has uprooted factories, most of the smaller factories, and then a lot of the larger ones move into the suburbs and there is no transportation.

Around Detroit, transportation is a thing of the past. If you don't own an automobile you can't get anywhere. And a man making \$3,600 to \$5,000 a year, can hardly afford an automobile along with his housing needs.

So, this needs to be a combined program. And, when you are talking about taking it out of HUD and putting it over into a new Department then you are going to cause a lot more suffering of these people. We have sponsors who want to build low and moderate income housing near the factories that have been relocated around the periphery of Detroit, but the reason they don't feel that it is feasible to build it, after you build homes for these people within the areas that have been zoned for this type of building, then the people can't get to the factories any more than they could by building a model city down in the heart of Detroit.

And there is only one automobile plant in the whole city of Detroit. The Ford Automobile Co. is outside of Detroit. Part of General Motors, in fact, General Motors has no automobile industry in the

city of Detroit. They may have some small parts plants. All of this is around. The only plant in Detroit is Chrysler. They are building a model city or have given an allocation for a model city to Highland Park. Then they are giving a model city allocation to Detroit. But what is it going to do?

Even if you put these people in it there, how are they going to get out to these factories that are distributed?

I think you are making a grave mistake in taking mass transportation at this particular moment out of HUD. It needs to be until you can get this housing and get these people relocated around the plant, close to the plant, where they won't need great amounts of transportation, it would be a grave injustice to take transportation, mass transportation, out of HUD.

It needs to be coordinated programs and as soon as they can relocate some of these people then I would say let the transportation, but bureaucracy would tear the program up.

Mr. BARRETT. Mr. Barnes, I just want to say you are a man after our own hearts. We want to keep mass transit in this committee because we think we are closer to the people. We know what they want. And we are hopeful that it will remain in this committee, so you are patterned after everyone in this committee.

Mr. BRITTON. My name is Theodore Britton, and I am the President of the American Baptist Management Corp., and also president of the Harlem Real Estate Board and a member of the National Association of Real Estate Brokers.

We happen to be the largest nonprofit sponsor of nonprofit housing in the United States, including all of the nonprofit housing in the State of Wisconsin.

My travels take me throughout the country and I see the dire need for housing and the plaguing problem of housing in each and every city. Last week, in Los Angeles, and the last 2 days in Milwaukee and in New York, and in so many other places. And many times I see these communities get caught up in various jurisdictional and administrative boundaries, not to count sometimes the redtape of the FHA and other organizations which really stop it, stop the flow of housing.

We need and I am certain it is not necessary for me to tell you, Mr. Chairman, or to remind you, we need a great deal more housing. We need a massive commitment in the field. And I do think if it hasn't been said already and many times over, Congress must be the absolute hammer to make sure that we get this housing, without regard to how it is done.

We are falling behind in a number of units that are going off the usable list every year and they are not being replaced as adequately as they should or as adequately as our population is growing.

Last night in Milwaukee was a pathetic sight to see 250 families about to be evicted from an area to make room for other things, including highway construction, with no place to move, with no one apparently giving them any aid to getting these families out and everyone is passing the buck.

In reading the newspaper last night there must have been at least 12 items in the paper pertaining to housing alone, yet I am not sure that they are solving that problem in that city, with all due respect to the Congressman from Wisconsin. It is like a tinder box. I can

foresee a blood bath there because of the problems principally related to housing.

So, I just say all of this to say what we are doing is supposed to be the largest of 1,200 units, which is pitifully small. We should have a great deal more and I think it becomes a job of Congress to insist to the FHA, to the communities, the States, everybody, to get going on this housing business.

Mr. BARRETT. I agree with you. It is the intent of this bill, which you no doubt know, we are trying to accomplish at least 250,000 units a year for the next 5 years. Not even that accomplishment is not going to satisfy all the necessary units but we are aiming toward that target to see if we can't give everybody the—what the declaration says, that everybody in America, everybody in the Nation is entitled to a decent home. This is primarily what we are aiming for.

Mr. BRITTON. I would only hope you will be a watch dog and call the parties to account periodically to ask them why aren't they moving? Somebody has to do it and I am afraid the people in one community here or one State here get concerned with their local problems or something and no one really stands over them to hit them.

Mr. BROWN. I think you have hit upon a very pertinent point. It seems to me as a freshman in the Congress that the oversight function of Congress, the review of programs after they have once been enacted and funded, is very lacking. I think that is what you are saying. It is not just in housing, it is true in everything else.

Mr. BRITTON. We must be concerned as a people.

Mr. BROWN. It is a crying need in the Congress. Now, we sit here, hold hearings, and finally come up with a piece of legislation which the Appropriations Committee funds. At that point we say okay, the job is done. But we should not stop then. Instead, we should provide a continuous review of how the program is operating, if it is accomplishing its objective commensurate with its cost and in a way we thought it was going to be accomplished when we passed the legislation.

I am very pleased to hear that you agree.

Mr. BRITTON. Mr. Nathan of our great city was kind enough to extend an invitation and I hope you will take advantage of it in as many of these cities as possible because you can't appreciate the magnitude until you go into the cities and see the dire need and the little that is being done to meet those needs.

Mr. BROWN. You and Mr. Walsh have suggested it and I think it would be very beneficial for the housing subcommittee to go into some of the city areas where these programs are supposed to be working. I am sure in many areas their programs are working much better than other areas. I think through on the spot investigations—exercising the oversight function—the Congress, through this committee, would be put in a better position to evaluate the program.

Mr. BARRETT. I don't think altogether the committee is negligent in making these observations. Last year, a little more than a year ago, we were there to see those 2-, 3-, 4-room unit bedrooms that were rehabilitated within 48 hours and I think there they accomplished it in 47 hours and a half.

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