

DEPARTMENT OF HOUSING APPROVED

HR 6927 -- Reported, amended, by House Government Operations Committee (H Rept 337) May 11, 1965.

- Passed, amended, by the House by a 217-184 roll-call vote June 16. (See p. 970)

S 1599 -- Reported, amended, by Senate Government Operations Committee (S Rept 536) Aug. 2.

HR 6927 -- Passed, amended, by the Senate by a 57-33 roll-call vote Aug. 11. (See p. 1064)

- Conference report (H Rept 884) agreed to by voice votes of the Senate Aug. 30 and the House Aug. 31.

PL 89-174 -- Signed into law Sept. 9.

Congress in 1965 enacted legislation requested by President Johnson creating a Department of Housing and Urban Development (HUD). It was the first Cabinet-level department established since the Department of Health, Education and Welfare was created in 1953.

Both President Kennedy and President Johnson each year from 1961 to 1964 unsuccessfully proposed creation of a housing department. HUD as established by PL 89-174 was essentially the same as the departments proposed earlier by Mr. Kennedy and Mr. Johnson.

The bill was opposed by a majority of Republicans and Southern Democrats on both Senate and House roll calls. It was supported by numerous housing organizations.

PL 89-174 provided for the establishment of HUD under a Secretary of Housing and Urban Development, appointed by the President with Senate confirmation. The Secretary was given all the powers, functions and duties of the Housing and Home Finance Agency (HHFA) and its components. The HHFA consisted of an Office of the Administrator and five operating units: the Federal Housing Administration (FHA), the Public Housing Administration (PHA), the Federal National Mortgage Assn. (FNMA) -- all three of which had specific authorization in law -- and the Community Facilities Administration and the Urban Renewal Administration -- both of which were administratively created within the HHFA without specific legal authorization. (For a description of the activities of each unit, see p. 365) PL 89-174 transferred the FHA as an entity to HUD.

The legislation basically upgraded the existing HHFA (established in 1947) to Cabinet-level status. The new agency was not to administer all federal programs relating to cities and urban problems, although one section of PL 89-174 required a study of the functions of other agencies to determine if any should be transferred to HUD. Supporters of the legislation said PL 89-174 did not change in any substantive way the existing functions and powers of federal housing officials. Opponents said this was only technically true; they argued that a new Cabinet-level department was bound to seek new powers.

PL 89-174 did not attempt to define an urban area or to place a limitation on the size of communities which could benefit from any program handled by HUD, thus bringing both small towns and villages as well as large cities within the agency's scope.

HUD became the 11th Cabinet-level department at midnight Nov. 8, under a provision of the bill ordering it

created no later than 60 days following the President's approval of the legislation. President Johnson, however, postponed HUD's actual establishment until a special study group completed a report on the Government's role in solving urban problems. On Jan. 13, 1966, he appointed HHFA Administrator Robert C. Weaver as Secretary of HUD.

There was one major difference between the House and Senate versions of the bill. The House version transferred the functions of the FHA to the Secretary and designated an Assistant Secretary to administer programs relating to the private mortgage market. The Senate version allowed the FHA to retain its separate identity in HUD under a commissioner appointed by the President and functioning under the supervision of the Secretary. Like the House version, the Senate bill also designated an Assistant Secretary to handle private mortgage market programs. The final bill retained the FHA as a separate entity in HUD under a Federal Housing Commissioner who also was designated an Assistant Secretary.

Provisions

As signed by the President, HR 6927, the Department of Housing and Urban Development Act:

Declared that the welfare of the nation required, as a matter of national purpose, sound development of its communities and metropolitan areas. Found that establishment of an executive department was desirable to carry out such a purpose. Said such a department should assist the President in achieving maximum coordination and the best administration of federal programs affecting urban communities; encourage the solution of problems of housing, urban development and mass transportation through state, local and private action; encourage "maximum contributions that may be made by vigorous private home building and mortgage lending institutions" to housing and urban development; and provide for full and appropriate consideration of the needs and interests of the nation's communities.

Established a Department of Housing and Urban Development, and provided that it would be headed by a Secretary of Housing and Urban Development, appointed by the President with Senate confirmation.

Defined the Secretary's capacity as an adviser to the President with respect to federal programs and activities relating to housing and urban development.

Authorized an Under Secretary, four Assistant Secretaries and a General Counsel, all of whom would be appointed by the President with Senate confirmation; also authorized an Assistant Secretary for Administration, who would be appointed by the Secretary with approval of the President.

Transferred to the Secretary all the functions, powers and duties of the Housing and Home Finance Agency, Federal Housing Administration, Public Housing Administration and the Federal National Mortgage Assn.

Provided for retention of the Federal Housing Administration (FHA) as a separate entity within the new Department. Provided that the FHA would be headed by a Federal Housing Commissioner who would also be an Assistant Secretary. Designated the Commissioner, in addition to his duties as Assistant Secretary and head of the FHA, to

administer all other departmental programs relating to the private mortgage market.

Authorized a Director of Urban Program Coordination, designated by the Secretary, to coordinate programs of various agencies of the Government which have "a major impact on community development." Stipulated that the Director, subject to the direction of the Secretary, would establish and maintain close liaison with the federal departments and agencies concerned and would consult with state, local and regional officials and consider their recommendations with respect to such programs.

Authorized the Secretary to provide technical assistance and information to aid state and local governments and to encourage coordinated planning by state and local governments. Authorized him to hold informal public hearings on federal and state development programs.

Directed the Secretary to encourage private enterprise to assume a maximum role in housing and urban development and to achieve the "fullest cooperation" with private enterprise in meeting departmental objectives.

Required the President to undertake a study of functions in other federal agencies that might be transferred to the new Department and to make recommendations to Congress. Stipulated that the outdoor recreation functions of the Department of the Interior could not be transferred or geographically limited without Congressional approval.

Authorized the Secretary to establish a working capital fund for operating various common administrative services in the Department. Provided that the fund would be financed through appropriations and charges against the agencies and offices in the Department for which services were performed.

Stipulated that the act would take effect 60 days from the date of enactment unless the President chose to put it into effect earlier by executive order.

Background

REFERENCES -- 1961 Almanac p. 367; 1962 Almanac p. 380; 1963 Almanac p. 81, 392; 1964 Almanac p. 77, 425, 879.

In 1961, President Kennedy proposed legislation to create a Department of Urban Affairs and Housing. He promised to make HHFA Administrator Robert C. Weaver, a Negro, Secretary of the new Department. The bill was reported in both the House and the Senate, but in the Senate a leadership headcount found almost solid Southern Democratic and Republican opposition, ensuring defeat; as a result, the bill was not brought to a vote. In the House, the Rules Committee delayed the bill and in January 1962 -- by a 6-9 vote -- refused to grant a rule for floor action, thus in effect killing the bill.

In response, President Kennedy, using his authority under the Reorganization Act of 1949, submitted Reorganization Plan No. 1 of 1962, proposing to create the Department. The Reorganization Act provided that the plan would take effect in 60 days unless opposed by a majority vote of either the House or the Senate. The House Feb. 21, 1962, rejected the reorganization plan when it adopted a resolution of disapproval by a 264-150 roll-call vote.

(The Reorganization Act of 1949 expired on June 1, 1963. In 1964, Congress extended the Act through June 1, 1965, but only after amending it to prohibit the President from creating a new executive department through use of a

reorganization plan. The addition of the provision generally was believed to be a reaction to Mr. Kennedy's 1962 use of the law. In 1965, Congress again extended the 1949 Act, along with the restrictive 1964 provision, through Dec. 31, 1968. (See p. 657)

President Kennedy in his 1963 Budget Message and President Johnson in his 1964 omnibus housing and Budget Messages called for legislation to create a new department of housing, but their requests received no action.

In a "Message on the Cities," President Johnson March 2, 1965, called for a Department of Housing and Urban Development "to give greater force and effectiveness to our effort in the cities." (See text p. 1400)

He said, "This new Department will provide a focal point for thought and innovation and imagination about the problems of our cities...It will work to strengthen the constructive relationships between nation, state and city -- the creative federalism -- which is essential to progress. This partnership will demand the leadership of mayors, Governors and state legislatures."

Overwhelming pressures are being "visited upon cities already in distress," President Johnson said. "We have over nine million homes, most of them in cities, which are run down or deteriorating; over four million do not have running water or even plumbing. Many of our central cities are in need of major surgery to overcome decay. New suburban sprawl reaches out into the countryside, as the process of urbanization consumes a million acres a year. The old, the poor, the discriminated against are increasingly concentrated in central city ghettos, while others move to the suburbs, leaving the central city to battle against immense odds.

"Physical decay, from obsolescent schools to polluted water and air, helps breed social decay. It casts a pall of ugliness and despair on the spirits of the people. And this is reflected in rising crime rates, school dropouts, delinquency and social disorganization."

Bills Introduced. The Administration's draft bill was introduced in the House (HR 6654) March 23 by Rep. Henry S. Reuss (D Wis.). An identical bill (HR 6927), which was the measure considered by the House, was introduced March 30 by Rep. Dante B. Fascell (D Fla.). In the Senate, the draft legislation was introduced (S 1599) on March 25 by Sen. Abraham A. Ribicoff (D Conn.). The draft bill was identical in major respects to legislation submitted by the Administration in the 87th and 88th Congresses.

Except for the few provisions added by the Senate or the House, the Administration bill was essentially the same as the final bill (above). It provided for a Cabinet-level Department of Housing and Urban Development headed by a Secretary appointed by the President with Senate confirmation. The HHFA and its components were transferred to the new agency. However, the Administration draft bill did not transfer the FHA as an entity to HUD or specifically designate an official to head FHA. The draft bill transferred the functions of the FHA to the Secretary and the Secretary would have provided administration of its functions as he wished.

House

COMMITTEE -- Government Operations, Subcommittee on Executive and Legislative Reorganization.
HELD HEARINGS -- April 5 and 6 on HR 6654, HR 6927 and related bills.

(Continued on next page)

TESTIMONY -- During the hearings (and in statements submitted to the Subcommittee), various organizations favored enactment of legislation to establish a housing department, including the following: the U.S. Conference of Mayors, the National League of Cities, the National Assn. of Counties, the National Assn. of Home Builders, the National Housing Conference, the American Institute of Planners, the American Institute of Architects, the AFL-CIO and the National Assn. of Mutual Savings Banks. Among the organizations opposing enactment were the National Assn. of Real Estate Boards, the Chamber of Commerce of the United States, the National Assn. of Manufacturers and the Mortgage Bankers Assn. (The Mortgage Bankers organization was primarily concerned about the future status of the FHA. See Senate testimony, p. 386.)

April 5 -- Bernard L. Boutin, executive vice president of the National Assn. of Home Builders said his organization was "in hearty accord" with the proposal. Boutin recommended, however, that the bill be amended to provide that an Assistant Secretary be designated to administer, "under the supervision of the Secretary, programs of the Department which deal with the private mortgage market."

Elmer B. Staats, Deputy Director of the Budget Bureau, said the reorganization of existing agencies "would in no way alter or modify the basic laws applicable to the programs administered by them, nor would there be any break in the continuity of these programs."

Staats said there were three principal advantages to be gained from establishing a Department:

- 1) It would give "long overdue recognition to the importance of these governmental functions to the nation's economy and the welfare of its people."
- 2) It would provide "maximum assistance" to the President in coordinating federal housing activities and would provide a federal "focal point" for assistance to state and local governments and to business.
- 3) It would "provide authority for the more effective direction and coordination of the closely interrelated programs of the HHFA."

April 6 -- John C. Williamson, representing the National Assn. of Real Estate Boards, contended that "a Cabinet-rank department...would at best generate a cold war among the departments of the Executive Branch as it sought to envelop within its jurisdiction all the programs geared to the needs and aspirations of the urban community."

BILL REPORTED

The House Government Operations Committee May 11 favorably reported HR 6927 by a vote of 20-8 (H Rept 337).

The Committee adopted only one amendment to the bill. It designated one of the four Assistant Secretaries of the new Department to administer, under the supervision and direction of the Secretary, department programs relating to the private mortgage market.

Majority Views. The report said the time was "ripe" for establishment of the Department, because 70 percent of U.S. population now lived in urban centers. It quoted with approval President Johnson's statement, in his request for a Department of Housing and Urban Development, that urban problems were "already in the front rank of national concern and interest. They deserve to be in the front rank of Government as well."

The report said the bill did not "put into the new Department any agencies or existing programs not already

in the Housing and Home Finance Agency." However, it said, "Departmental status would make possible a coordination of these programs which does not now exist. It would clarify jumbled lines of authority within the Housing and Home Finance Agency, knitting together its programs with better cohesion and giving the whole a better unity of purpose and objectives."

The report said the current magnitude of HHFA's financial transactions was "comparable to that of any of the existing departments of Government (except Defense)," providing "further justification for raising the status of the agency" to Cabinet level.

Minority Views. A Committee minority of seven Republicans filed a statement opposing creation of the new Department. Signing the statement were Clarence J. Brown (Ohio), Robert P. Griffin (Mich.), Delbert L. Latta (Ohio), William L. Dickinson (Ala.), John N. Erlenborn (Ill.), Howard H. Callaway (Ga.), and Edward J. Gurney (Fla.).

Noting that the Committee during the 85th through 89th Congresses had been submitted "scores of bills to create 22 separate Cabinet level Departments," the statement called HR 6927 "another manifestation of the perennial urge to classify problems as having outstripped the capacity of state and local governments and to create new federal Departments to solve them." The statement added that there was "no magic in the establishment of a new bureaucracy...that will in itself help anybody solve local problems."

The statement contended that: (1) the proposed act provided no new functions; (2) the bill should have provided for the continuation of the FHA; (3) a mere "one-third of the Federal Government's housing activities" were covered by the new Department under the bill; (4) it would be "difficult to prove" that independent agencies such as the Central Intelligence Agency and HHFA had been "unable to discharge their important functions simply because the heads of those agencies did not enjoy Cabinet rank"; (5) housing programs were not a federal activity of "indefinite duration" and should not be "frozen into the governmental structure" by the creation of a Cabinet-level department; (6) enactment of the bill would be the first time that a Cabinet post had been established "to serve people on the basis of where they live." The President and his Cabinet, the statement asserted, "serve all the people -- urban and rural.... All of our executive departments are created on a functional basis and are concerned with all the people."

Separate Views. Four Committee Republicans outlined in separate views an approach which provided for the establishment of an Office of Community Development in the Executive Office of the President, in lieu of the creation of a new department as provided by HR 6927. The statement was signed by Florence P. Dwyer (N.J.), Robert P. Griffin (Mich.), Frank J. Horton (N.Y.) and Donald Rumsfeld (Ill.).

FLOOR ACTION

The House June 16 passed HR 6927 by a 217-184 roll-call vote. (For voting, see chart p. 970)

Prior to passage, the House rejected, by a 141-259 roll-call vote, a motion to recommit the bill to the Committee on Government Operations with instructions to report back a Republican substitute (HR 8822). The substitute measure would have established an Office of Urban Affairs and Community Development in the Executive Office of the President.

At a news conference the next day, President Johnson said that he was especially gratified by House approval of HR 6927. He said, "The vote in the House was impressive and decisive, and exceeded our expectations. I believe it reflects the realization throughout the land that our cities constitute the decisive challenge of these last decades of the 20th century."

The passage vote on HR 6927 was largely along party lines. Voting in favor of HUD were 208 Democrats and 9 Republicans: Cahill (N.J.), Fino (N.Y.), Halpern (N.Y.), Horton (N.Y.), Lindsay (N.Y.), Minshall (Ohio), O'Konski (Wis.), Reid (N.Y.) and Tupper (Maine). Opposing the measure were 118 Republicans and 66 Democrats -- 56 of them from Southern states.

Democratic Members from Southern states voted 38-56 against the bill. But in 1962, Southern Democrats in the House opposed President Kennedy's proposed Department by an even larger majority, 13-93.

All of the 181 Northern Democrats voting on the recommitment were opposed to the motion. They were joined by 73 Southern Democrats and 5 Republicans: Halpern, Lindsay, Reid (N.Y.), O'Konski and Roudebush (Ind.). Voting in favor of recommitment were 122 Republicans and 19 Democrats.

In 1962, Mr. Kennedy's proposed department was disapproved by the House on a roll-call vote. One Republican, Minshall (Ohio) and 21 Democrats changed their votes from opposition to the 1962 proposal to support for HR 6927. The Democrats shifting positions were Udall (Ariz.), Mills (Ark.), Trimble (Ark.), Morrison (La.), Thompson (La.), Willis (La.), Jones (Mo.), Jarman (Okla.), Steed (Okla.), Everett (Tenn.), Evins (Tenn.), Beckworth (Texas), Brooks (Texas), Patman (Texas), Purcell (Texas), Thompson (Texas), Young (Texas), Downing (Va.), Hardy (Va.), Jennings (Va.) and Kastenmeier (Wis.). However, the following Members voted for the 1962 proposal and against the 1965 bill: Baldwin (R Calif.), Mailliard (R Calif.), Shipley (D Ill.), Mathias (R Md.), Randall (D Mo.) and Dwyer (R N.J.).

Prior to passage, the House by voice vote adopted an amendment by the Committee on Government Operations to designate an Assistant Secretary to administer departmental programs relating to the private mortgage market.

Rejected, by a 65-91 standing vote, was a Republican amendment, sponsored by Florence P. Dwyer (N.J.), to replace HR 6927 with HR 8822. The amendment was the same as the recommitment motion which followed later. A Republican-sponsored amendment to establish a Department of the Federal Housing Administration under a Presidentially appointed Federal Housing Commissioner responsible to the new Housing Secretary was defeated by standing vote, 74-99, and teller vote, 101-153. Also defeated, by voice vote, was an amendment to change the name of the proposed Department to the Department of Urban and Suburban Development.

DEBATE -- Democratic proponents of HR 6927 argued that the new Department was needed to "give proper recognition to the importance of urban problems in the social and economic advancement of our nation." A Cabinet-level authority for urban affairs would be increasingly important, they said, because population specialists were predicting that the present urban concentration of 70 percent of U.S. population would rise to 80 percent by the year 2000.

Republican opponents of the bill argued that the new Department would only give "status to the new Secretary

and bureaucracy to be created," but not service, economy, or efficiency.

The thrust of debate on the measure, however, came on the Republican attempt to substitute HR 8822 for the Administration bill. Republicans asserted that the substitute would promote "economy and usefulness" by providing coordination of all Government programs having an impact on urban areas, regardless of the department or agency which administered a particular program. Democratic opponents of the GOP substitute replied that under HR 8822 the "overburdened" local official seeking aid or advice of urban authorities in Washington "would have to make the rounds...he already makes plus one additional, unnecessary and superfluous stop at the White House."

John N. Erlenborn (R Ill.), sponsor of the amendment to place FHA under a Presidentially appointed Federal Housing Commissioner responsible to the new Housing Secretary, asserted that transfer of the agency to the new Department should be made in an "independent way in order to protect the integrity of the FHA."

PROVISIONS -- As passed by the House, HR 6927 was basically the same as the provisions of the final bill (above) except for the provision retaining the FHA as a separate entity within the new Department, which was added in the Senate. The House bill also did not contain several less important provisions, added later by the Senate, dealing with coordinating machinery, transfer of functions, designation of community and private enterprise. (See Senate and Conference, below)

AMENDMENTS REJECTED

June 16 -- Florence P. Dwyer (R N.J.) -- Substitute for HR 6927 a Republican-supported bill (HR 8822) providing for the establishment of an Office of Urban Affairs and Community Development in the Executive Office of the President rather than the Cabinet-level Department of Housing and Urban Development provided in HR 6927. Standing vote, 65-91.

John N. Erlenborn (R Ill.) -- Delete language transferring the Federal Housing Administration (FHA) to the new Department and substitute new language establishing a Department of FHA and vesting the functions, duties and powers of the FHA with a Presidentially appointed Federal Housing Commissioner under the supervision and direction of the Secretary of Housing and Urban Development. Standing vote, 74-99, and teller vote, 101-153.

John W. Wylder (R N.Y.) -- Change the title of the proposed Department to the Department of Urban and Suburban Development. Voice vote.

Senate

COMMITTEE -- Government Operations, Executive Reorganization Subcommittee.

HELD HEARINGS -- March 31, April 1 and 2, May 19 on S 1599 and companion bills. Testimony was similar to that presented before the House subcommittee.

TESTIMONY -- March 31 -- Sen. Joseph S. Clark (D Pa.) contended that "city people too, need an advocate in Washington." Pointing out that farmers, who now constitute only 7 percent of the population, have had a Cabinet-level department for 100 years, Clark said "it is not right that 150 million urban residents of the country are denied at least equal representation."

Robert F. Wagner, mayor of New York City, said in a prepared statement that he found no validity in the argument that creation of the new Department would result in a loss of states' rights and local prerogatives.

April 1 -- Boston Mayor John F. Collins said he hoped the new department would be created "this year." Collins said he did not want to see the new Department delayed while Congress studied possible creation of a department which would include more agencies than specified under the bill.

April 2 -- Matt Trigg, a spokesman for the American Farm Bureau Federation, contended that "the secretary of the new department would become in effect Mr. Mayor of all the municipalities of the United States." Planning, financing, and development of municipalities, Trigg said, was "primarily a private and local responsibility."

Nathaniel S. Keith, president of the National Housing Conference, said the bill would provide the framework for efficient administration of a number of broad new programs to be required for the future.

May 19 -- C.C. Cameron, president of the Mortgage Bankers Assn. of America, said that although his organization doubted the need for HUD, the association was primarily concerned about the future independence of the FHA. It urged that the Administration bill be amended to retain the FHA as a separate entity within the new Department and to have the FHA headed by a commissioner appointed by the President with the approval of the Senate.

BILL REPORTED

The full Committee Aug. 2 reported S 1599 with amendments (S Rept 536). The only significant difference in S 1599 and HR 6927 was that the House version did not contain language directing the President to undertake a study of functions in other agencies which might be transferred to the new Department.

S 1599 was approved by the Committee July 30 by a vote of 9-4. Voting against approval were the Committee's Chairman, John L. McClellan (D Ark.), and three Republicans -- Carl T. Curtis (Neb.), Karl E. Mundt (S.D.) and Milward L. Simpson (Wyo.).

The Committee adopted a number of amendments to the Administration bill, including:

- One, by Abraham A. Ribicoff (D Conn.), to require that an Assistant Secretary in the new Department be designated to administer departmental programs relating to the private mortgage market.

- One, by Robert F. Kennedy (D N.Y.), to require the President to undertake a study of functions in other federal agencies that might be transferred to the new Department, and make recommendations to Congress. (The amendment stipulated, however, that the outdoor recreation functions of the Department of the Interior could not be transferred or geographically limited without Congressional approval.)

- Amendments setting up machinery to coordinate federal-state community development programs and machinery to coordinate programs of the various federal agencies which have a major impact on community development.

Majority Views. The report said that administration "at the highest levels of Government" was necessary to solve the "enormous and complex problems" that would arise under the impact of a projected doubling of U.S. urban population by the year 2000.

Cabinet status, the report said, was necessary to give "proper weight" to housing and urban development interests among the over-all interests of the Federal Government. The report asserted that Cabinet rank would give the new Secretary "powerful influence" enabling him "to exercise leadership at the direction of the President in coordinating federal activities affecting housing and urban development."

Designation of one of the four Assistant Secretaries to administer current FHA and FNMA programs, the report added, was necessary to ensure that these "extremely important programs" were administered "at an appropriately high level."

The report said the Budget Bureau had concluded that the new Department should be limited to the functions currently associated with HHFA because, while there were other Government agencies and functions related to urban development, the relationship was not clear enough to justify their transfer or the urban and non-urban functions could not be separated. The report said, however, that the Committee was interested in seeing the transfer to the new Department of functions dealing with the improvement of the physical environment of urban areas.

FLOOR ACTION

The Senate Aug. 11 by a 57-33 roll-call vote passed an amended version of HR 6927. (For voting, see chart p. 1064)

Prior to passage, the Senate substituted the provisions of its own bill (S 1599) for those of HR 6927 as passed by the House June 16.

President Johnson later in the day praised the bipartisan support given the bill. The President said that he intended to "see that this Department serves all the people of our nation" and promised it would be "administered for the benefit of all the people."

The House and Senate versions of the measure differed in several respects, but there was only one major variation. The Senate bill allowed the Federal Housing Administration (FHA) to retain its separate identity in the new Department under a commissioner appointed by the President and functioning "under the supervision and direction" of the Secretary of the Department. This provision was a floor amendment proposed by John J. Sparkman (D Ala.) and accepted by the Senate Aug. 10 by voice vote. (The House, before it passed the bill in June, rejected a similar provision by a 74-99 standing vote and 101-153 teller vote. The House bill contained language providing for the designation of one of the Department's assistant secretaries to administer departmental programs relating to the private mortgage market. An identical provision was in S 1599 and remained in the bill as it passed the Senate despite the acceptance of Sparkman's amendment.)

The Sparkman amendment was strongly supported by homebuilders and mortgage bankers, who reportedly feared that the role of the FHA might be downgraded in a large new Cabinet-level department.

Voting for passage of HR 6927 were 10 Republicans and 47 Democrats. Opposing passage were 19 Republicans and 14 Democrats, 12 of them from Southern states. The only Northern Democrats opposing the bill were Alan Bible (Nev.) and Frank J. Lausche (Ohio).

A perfunctory two-day debate on the measure centered on a contention by opponents of the bill that establishment of the Department would mean an upward spiraling of costs on housing and urban development programs.

and an "encroachment" on state and local powers. Strom Thurmond (R S.C.) Aug. 10 contended that establishment of the proposed Department was a further step in the "proliferation" of federal agencies and employees and predicted that "escalation" of its duties would follow its establishment. Abraham A. Ribicoff (D Conn.), the bill's sponsor, said Aug. 10 that the measure would not provide for any new federal programs and might actually diminish expenditures through "better coordination and tighter executive control." Ribicoff added that department-level administration was necessary to solve complex problems which would arise under a projected doubling of U.S. urban population by the year 2000.

Bills Compared. In addition to the FHA provision, the Senate version differed from the House bill in these primary respects:

Established within the Department an Office of Urban Program Coordination to coordinate programs of various agencies of the Government which have "a major impact on community development." Stipulated that the office would be headed by a director appointed by the Secretary.

Required the President to undertake a study of functions in other federal agencies that might be transferred to the new Department and to make recommendations to Congress. Stipulated that the outdoor recreation functions of the Department of the Interior could not be transferred or geographically limited without Congressional approval.

AMENDMENTS ACCEPTED

Aug. 10 -- Leverett Saltonstall (R Mass.) -- Direct the Secretary, at a state Governor's request, to hold an informal public hearing in any community within the state in which any departmental assistance programs were proposed to be or were being administered. Voice vote.

John J. Sparkman (D Ala.) -- Add language to the bill specifically providing for the retention of the FHA in the new Department and providing that the FHA would be headed by a Federal Housing Commissioner, appointed by the President with Senate confirmation and functioning under the direction and supervision of the Secretary of the Department. Voice.

Aug. 11 -- Jack Miller (R Iowa) -- Substitute the term "community" for certain references in the bill to "urban" development programs. Voice.

Conference Report

House and Senate conferees filed a report (H Rept 884) Aug. 11. On variations between the House and Senate versions of the bill, conferees took the following actions:

Federal Housing Administration. Agreed to compromise language retaining the Federal Housing Administration (FHA) as a separate entity in the new Department under a Federal Housing Commissioner who was also an Assistant Secretary. The compromise provision designated the Commissioner, in addition to his duties as an Assistant Secretary and head of the FHA, to administer, under supervision and direction of the Secretary, all other department programs relating to the private mortgage market. A spokesman for the conference committee told CQ Aug. 30 that the thrust of the compromise was to give the FHA a higher status than was provided by either the House or Senate. The Senate bill designated an Assistant Secretary to administer departmental programs relating to the private mortgage market but vested direction of the

FHA in a lower-ranking official -- a Federal Housing Commissioner appointed by the President with Senate confirmation. The House had originally rejected wording similar to the Senate's.

Coordinating Machinery. Agreed to a compromise provision requiring the Secretary to consult and cooperate with state governors and state agencies and to hold, at his discretion, informal public hearings regarding federal and state urban development programs. A Senate floor amendment had required the Secretary, at a state governor's request, to hold hearings in any community in the state in which any departmental assistance programs were proposed to be or were being administered. The House bill did not contain a similar provision.

Agreed to compromise language establishing within the Department the position of Director of Urban Program Coordination. Provided that the Director would coordinate programs of various agencies of the Government which have a "major impact on community development." In agreeing to the compromise, the conferees dropped a Senate provision establishing an Office of Urban Program Coordination with the same responsibilities as vested in the Director under the compromise language. The House bill made no similar provision.

Further Transfer of Functions. Accepted a Senate provision, not in the House bill, requiring the President to undertake a study of functions in other federal agencies that might be transferred to the new Department and to make recommendations to Congress.

Designation of Community. Agreed to a Senate floor amendment inserting the word "community" or substituting it for "urban" at various points in the House bill.

Private Enterprise. Agreed to a Senate provision, not in the House bill, directing the Secretary to encourage private enterprise to assume a maximum role in housing and urban development and to develop the "fullest cooperation" with private enterprise in achieving departmental objectives. Also accepted Senate language including similar wording in the statement of purpose.

FINAL ACTION

The Senate Aug. 30 and the House Aug. 31 by voice votes and without debate adopted the conference report (H Rept 884). The actions cleared the measure for the President's signature.

Bill Signed. President Johnson signed HR 6927 on Sept. 9. He said, "In the next 35 years, we must literally build a second America -- putting in place as many houses, schools, apartments, parks and offices as we have built through all the time since the Pilgrims arrived on these shores.... It is not enough for us to erect towers of stone and glass, or to lay out vast suburbs of order and conformity. We must seek, and we must find the ways to preserve and to perpetuate in the city the individuality, the human dignity, the respect for individual rights, the devotion for individual responsibility that has been part of the American character and the strength of the American system.... Unless we seize the opportunities available now, the fears some have of a nightmare society could materialize. Unless we match our imagination and our courage to our affluence, we could fail both our past and our posterity."