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letter	J. E. Prisin-Zano to Jack Valenti (Original in C. F. PE 2)	12/15/65	C

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Proposed Plan of Organization

ADMINISTRATIVELY

CONFIDENTIAL

December 4, 1965

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URBAN DEVELOPMENT

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Prefatory Note

The proposed Plan of Organization submitted herewith is the Task Force Subcommittee draft of November 26, revised to meet the views of the Task Force as expressed at the Washington meetings of November 26 and 27.

Proposed
Plan of Organization
for the
Department of Housing and Urban Development

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Proposed
Plan of Organization
for the
Department of Housing and Urban Development

I.

Conclusions and Recommendations

A. The Organization

1. Basic Objectives

The establishment of a new Department provides an unique opportunity to create an organizational structure specially designed to enable the Department to fulfill its basic tasks and mission.

The organization of the Department of Housing and Urban Development must be shaped to give the best possible administration to the specific programs entrusted to the Department, and to be resilient enough to flex and grow as new programs are confided to it, or old ones expanded and modified.

The Organization Plan must enable the Department to provide for full and unified consideration of the needs and interests of the Nation's communities and of the people who live and work in them. Among other things, this means that it must recognize the integral relationship of the physical and social environments. At the same time, the Organization Plan must enable the Department to assist the President in achieving that essential coordination of Federal activities which materially affect urban, suburban and metropolitan development. The form of organization must be creatively fashioned to be hospitable to inter-governmental cooperation and to local and private action helpful in solving problems of housing, urban development and mass transportation, and, of course, the form of organization must be such as to encourage a vigorous private homebuilding and mortgage lending industry.

The attainment of these objectives will require a reshaping of existing administrative patterns.

2. The Secretary

The proposed organization establishes a "strong" Secretary exercising unified control over his Department. He is provided with a strong staff structure which should enable him to perform effectively all essential management functions, including such vital ones as policy formulation and control, program evaluation, development of standards and procedures, budgetary control and research.

In view of the importance of the Under Secretary and the Assistant Secretaries, it would assist in attaining the objective of unified control if the Secretary were given a significant voice in the making of these appointments.

3. Headquarters Structure

Careful consideration has been given to the respective merits of a "functional", as contrasted with a "divisional" (regional) type of organization. In the first, authority runs along functional lines from several headquarters chiefs to their program counterparts in the field. Such an organization is reminiscent of operations under HHFA. In the divisional organization, headquarters units would be utilized primarily as staff with responsibilities which would include policy formulation, program evaluation, development of standards and procedures, budgetary controls and research. Responsibility for the day to day carrying out of programs and policies would be vested in strong Regional Administrators reporting directly to the Secretary through the Under Secretary.

Consideration was also given to a part "functional", part "divisional" organization in which certain Assistant Secretaries would have line responsibilities reaching into the field operationally along functional lines, while other Assistant Secretaries would have staff responsibilities only. Such an organization has been discarded as depriving the Secretary of necessary staff at the Assistant Secretary level. In addition, such an organization would blur lines of command in that the Regional Administrator, and those under him, would receive directives from more than one source.

The proposed Plan accepts unqualifiedly the concept of a strong regional organization with a direct line of command running

from the Regional Administrator to the Secretary through the Under Secretary. This is most consistent with a strong unified Department with ultimate power and responsibility resting clearly in the Secretary. It will relieve headquarters units generally of responsibility for day to day operations and provide the time and responsibility for vital staff functions. Moreover, as will appear, such an organization will put the answers into the field where they belong.

4. Field Structure

Day to day operations will be unified under a number of Regional Administrators. The Regional Administrator will be responsible for the effective administration of Departmental policies, functions and programs in his region.

The Regional Administrator should be well paid and competent. He should have understanding of and sympathy with the programs and policies entrusted to him, and should have proved administrative ability. He reports to the Secretary through the Under Secretary. (See p. 9)

5. Staff Organization and Personnel System

Unification of control and decentralization of day to day operations will require maximum consolidation of similar staff functions. Sound administration will create one unified Departmental career system to replace the four or more separate and distinct "career ladders" now existing (FHA, PHA, FNMA and OA, including URA and CFA).

There will be significant opportunities for economy and efficiency as like technical staffs are consolidated for recruitment, training, promotion and operational purposes. The careful reexamination of differences in techniques between similar programs will be a very important consequence of this consolidation.

Even more important, however, will be the effect of staff consolidations in breaking down now obsolete loyalties to narrowly defined existing programs. It will become clear to Departmental staff that their personal horizons have been broadened rather than endangered by the basic reorganization recommended.

B. Transfer and Coordination of Federal Programs

The transfer of a program or a function into the Department is not recommended unless control (as distinguished from coordination) is viewed as being important to the achievement of the Department's mission. Where such a program or function is severable, only that part is transferred into the Department as relates directly to the Department's mission. The transfer out is recommended on the basis of reverse criteria.

Since a Plan of Organization must follow substantive programs and functions, decisions on the recommendations will shape the form of the organization.

1. Transfers into the Department

- (a) Community Action Programs. Community Action Programs of the Office of Equal Opportunity deal directly with the social environment of the City. Such programs could and would add important "human" dimensions to a Department that would otherwise be excessively preoccupied with the physical environment alone. Moreover, the Department with its funds, programs, and new status would lend needed strength and protection to the Community Action Programs.

It is believed that the OEO programs must soon find permanent homes in Executive Departments. A number already have. In the judgment of the task force, the Community Action Programs are vital to the performance of the new Department's total responsibilities and should be transferred to it. Under the law, the President has the power to make the transfer without more.

The Plan of Organization insures that Staff responsibilities for CAP are given to an Assistant Secretary. These will be his principal duties. When transferred, the announcement should make clear that in the President's view the transfer is positive and necessary to the performance and long range success of CAP.

- (b) Bureau of Public Roads. Metropolitan transportation planning must take into account and deal effectively with the 3 R's of transportation--Road, Rail, Rapid Transit. Unless planning extends to all three, no serious planning can be undertaken. In this case, coordination is a poor substitute for unified planning.

It is therefore recommended that the policy determination of whether and where such roads should be located in the metropolitan area should be severed from the Bureau of Public Roads (where it has largely been unexercised) and transferred to HUD. The Bureau of Public Roads would retain all construction and engineering responsibilities, as well as the funds.

- (c) Clean Air, Clean Water and Solid Waste Disposal. Clean air and clean water are essential to a modern metropolitan community. Water supply and sewage lines shape future suburban, and hence future metropolitan development. HUD now has some responsibilities for sewage and drainage programs. Air pollution has its principal impact in urban areas.

While it is recognized that other Departments have, and should continue to have, responsibilities in these areas, planning responsibilities with respect to metropolitan clean air, clean water and solid waste disposal should be discharged by HUD.

- (d) Veterans Administration Mortgage Insurance. The functions of the Veterans Administration with respect to Veterans Mortgage Insurance should be transferred to HUD. This function is still substantial (\$3 billion in 1963, of which \$2 billion was old and \$1 billion was new), and will grow. It is parallel to the functions performed by FHA.

2. Transfers Out of the Department - College Housing

This is more suitably assigned to HEW.

3. Coordination of Federal Programs

All other Federal activities affecting housing and urban development shall be coordinated under the leadership of the Secretary of HUD at the direction of the President. This shall be done through a Council on Interdepartmental Coordination. The President will no doubt wish promptly to issue an appropriate directive to the Secretary of HUD and to the Secretaries and Heads of other affected departments and agencies. It would be appropriate for the directive to require a section on coordination of such activities to be included in the Secretary's annual report. If the recommended transfers are accomplished, coordination will apply, among others, to FAA and EDA.

II.

The Plan of Organization - Headquarters

A. The Secretary

1. The Secretary, as Head of the Department, has all of the ultimate responsibility and power that that implies. The proposed organization is designed to enable him to be the Head of the Department in fact, as well as in name.
2. Attached to the Secretary's office is a cluster of general Staff functions: General Counsel, Office of Congressional Relations; Office of Public Information, and Assistant Secretary for Administration. The Office of Congressional Relations should be an effective vehicle for translating Departmental policies and programs into meaningful Congressional and Legislative terms.

B. The Council on Interdepartmental Coordination

As already stated, it is proposed to establish a Council on Interdepartmental Coordination to enable the Secretary to carry out his leadership responsibilities in coordinating Federal activities affecting housing and urban development. The proposed Council will be principally at the Secretarial level and will consist of: Chairman: Secretary, Department of HUD; Members: Secretaries of Defense, Interior, Commerce, Labor, and Health, Education and Welfare. The Council should also include the Heads of the FAA, GSA and HHLB.

The Director of the Office of Economic Opportunity is not included since it is proposed to transfer the Community Action Program to HUD. If this should not be accomplished, the Director should be on the Council.

The Director of Urban Program Coordination (established by the law) shall head the Secretariat of the Council.

C. The Under Secretary

1. The Under Secretary, subject to the direction of the Secretary, is the Chief Operating Officer of the Department. All Regional Administrators will report to him and he will be responsible to the Secretary for the achievement and coordination of policies, functions and programs that are operational. Through the field forces, the Under Secretary must be responsible for the coordination of HUD programs and coordination between HUD programs

and the programs of other Federal, State and Local agencies in the field. Although the certification and annual recertification of workable programs will be decentralized to the Regional Administrator, the Under Secretary will have oversight responsibilities with respect to this important control.

2. Because of the inherent nature of a "one over one" type of organization, the Secretary should have a significant voice in the selection of the Under Secretary.

D. The Deputy Under Secretary

1. The Deputy Under Secretary shall be responsible for policy formulation, special demonstration projects and program evaluation. Since these responsibilities are vital both to future and existing programs, and since these responsibilities relate to the functions and programs of the entire Department, it is felt that they should be lodged in one who is not on an organizational level with the Assistant Secretaries. The Deputy Under Secretary should, if possible, be paid as much or slightly more than the Assistant Secretaries and should be appointed by the Secretary after being personally satisfied of his fitness and qualifications for the position.
2. Reporting to the Deputy Under Secretary shall be the Committee on Research which shall consist of the three Directors of Research who head the three Research Offices. The Committee on Research is primarily a research coordinating group. (See p. 8) The Institute for Urban Development will also report to the Deputy Under Secretary.

E. The Assistant Secretaries

The Assistant Secretaries, together with the Deputy Under Secretary, should, together, constitute a strong, dynamic staff group. For the reasons stated in Article I, the Plan of Organization confers no line responsibility upon them. Within the programs and responsibilities delegated to them, or specially assigned by the Secretary, there is no aspect of the Secretary's broad policy making responsibilities which should be immune to their searching inquiry. Ideally, they should be regarded as a unified staff with close professional relationships under the leadership of the Secretary. If at all possible, the Secretary should have a significant voice in their appointment.

1. Assistant Secretary - Financial Assistance. The Assistant Secretary - Financial Assistance is also the FHA Commissioner. Under the Assistant Secretary are clustered the staff responsibility for the FNMA, the Office of Mortgage Insurance (includes

the FHA and the mortgage insurance functions of the Veterans Administration) and the Office of Credit Policies. The Office of Credit Policies has staff responsibility for the programs shown on the Organizational Chart (Sheet 1). These are primarily direct payment programs. It should be noted that the functions of the Public Housing Authority have been separated and that staff responsibility for the financial aspects has been placed in the Office of Credit Policies under the Assistant Secretary - Financial Assistance.

2. Assistant Secretary - Physical Environment. Under this Assistant Secretary have been clustered staff responsibility for those programs and functions relating primarily to physical environment. Sheet 1 of the Plan of Organization sets out the details.
3. Assistant Secretary - Social Environment. This Assistant Secretary has staff responsibility for the Office of Community Action Programs (proposed to be transferred from the Office of Economic Opportunity). There is also the Office of Intergroup Relations and the Office of Relocation Assistance.
4. Assistant Secretary - Intergovernmental Cooperation. Under this Assistant Secretary are several offices dealing with intergovernmental cooperation, including notably the Office of Technical Assistance and Information, which includes the clearing house functions of the Department.
5. Research. A separate Office of Research has been established under each of the first three Assistant Secretaries. It is believed that the functions and programs of these three Assistant Secretaries are sufficiently disparate so that it will not be duplicious to have three such offices. Indeed, it would be inevitable for the three Assistant Secretaries to have their own Research Assistants, whether expressly so designated or not. However, to insure coordination between such offices, and to make certain that such facilities as a research library, for example, exist in common, the Directors of these three offices are brought together as a Committee on Research directly under the Deputy Under Secretary.

III.

The Plan of Organization-Field

A. The Regional Administrator

1. The Regional Administrator reports to the Secretary through the Under Secretary. He is, therefore, the Chief Operating Officer for the Region. All policies, programs and functions of the Department that are operational in his Region are unified under him. This would also include special demonstration projects.
2. Clustered under him are such positions as Regional Program Budget Officer; Regional Assistant for Public Information, and Regional Assistant for Administration.
3. The ideal Regional Administrator will maintain close and effective relationships with Senators, Members of Congress, and State and Local Government officials from his Region. It would be expected that by virtue of his character and ability and the delegation of power to him, such officials would be content to deal with him in the great preponderance of instances without resort to Washington.
4. Under a divisional Plan of Organization, the operational success of the Department will depend principally upon the quality of the Regional Administrator. He should be carefully selected and well paid. The policy formulations at headquarters should of course be sufficiently detailed so as to insure relatively uniform application nationally. However, uniformity should not be obtained at the expense of the judgment and discretion of the Regional Administrator. It will be the responsibility of the Secretary to make certain that the natural inclination of headquarters staff to control operations through overly-detailed policy formulations is not given such scope as to deny to the Regional Administrator the responsibility and opportunity to exercise judgment and discretion.
5. Considerable authority will be vested in him through the power which he should possess to certify and annually to recertify workable programs. His exercise of this power is of course subject to policies to be given him and to the oversight responsibility of the Under Secretary.

B. Regional Office for Coordination of Departmental Programs (Coordinators Geographically Assigned)

Attached to the Regional Administrator is the Office for Coordination of Departmental Programs, with the Coordinators being geographically assigned. Every local community having a HUD program will be served by a Regional Coordinator. He is the point of contact between the Regional Office and the metropolitan area, including the local communities within the metropolitan area. From the drawing up of required plans, to the preparation of applications, to expediting their review by the Regional Office Staff, to checking on the execution of projects, the Coordinator advises, guides and stimulates the local community into taking advantage of Federal urban programs. At the same time, he assists these communities in meeting requirements for such Federal aid.

Although based physically in the Regional Office, the Coordinator will spend a good deal of time in the metropolitan area or areas he serves.

C. Assistant Administrators

Four of these Assistant Administrators are the program and operational counterparts of the four Assistant Secretaries. The fifth Assistant Administrator carries out in the field the interdepartmental coordination functions discharged at headquarters by the Council on Interdepartmental Coordination. He will undoubtedly be assisted in this by the Director of Urban Program Coordination, who heads the Secretariat to the Council.

It will be kept in mind that other Federal programs will be in Departments or Agencies where decision making will not be as decentralized as is proposed here. Hence Regional representatives of such Departments and Agencies will be referring coordination matters raised by the Assistant Regional Administrator to Washington for decision. It is important that this not be permitted to recentralize HUD functions in Washington and that HUD decisions are kept in the field.

PUBLIC
INFORMATION

CONGRESSIONAL
RELATIONS

COMMITTEE
ON
RESEARCH

INSTITUTE FOR
URBAN
DEVELOPMENT

ASSISTANT
SECRETARY
FINANCIAL
ASSISTANCE (1)

ASSISTANT
SECRETARY
PHYSICAL
ENVIRONMENT

ASSISTANT
SECRETARY
SOCIAL
ENVIRONMENT

FNMA

Office
of
Mortgage
Insurance (2)

Office
of
Credit
Policies

Office
of
Research

Office of
Property
Assembly,
Management,
and Disposition

Office of
Community
Facilities
Policy

Office of
Metropolitan
Transportation
Planning

Office of
Environmental
Beautification

Office
of
Research

Office of
Community
Action
Programs

Office of
Relocation
Assistance

Office of
Intergroup
Relations

Office
of
Research

Office
Tech
Assi
a
Infor

Director
of
Home
Mortgages

Director
of
Project
Mortgages

Director of
Property
Improvement
Loans

Community
Facilities

PHA

Rent
Subsidies

Urban
Renewal

Open
Space

Urban
Renewal

PHA

New
Communities

Waste
Disposal

Air
Pollution

Water
Supply

Rail

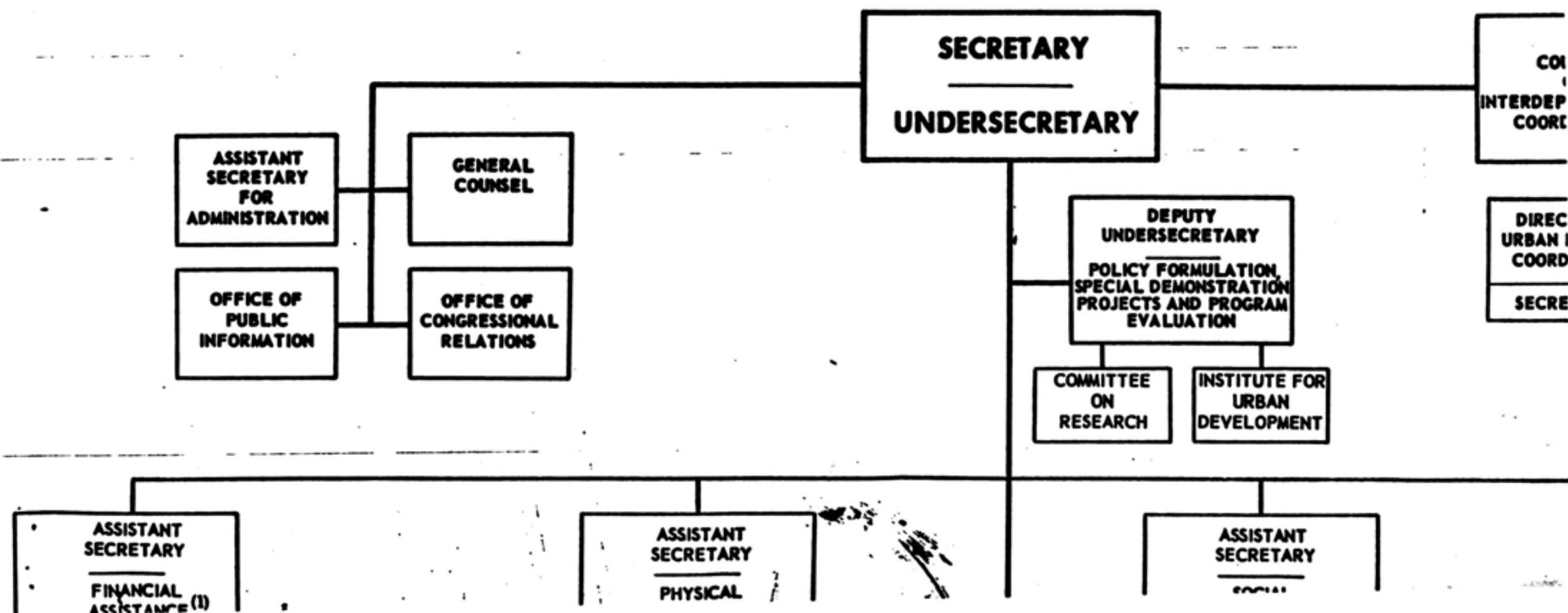
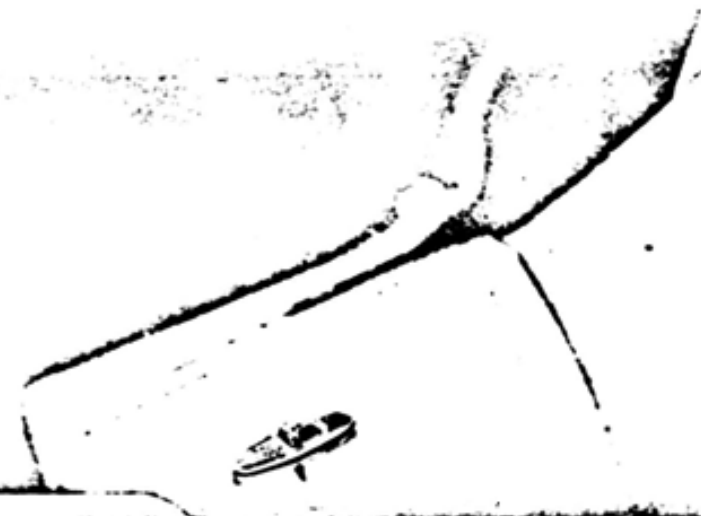
Rapid
Transit

Roads

REGIONAL
ADMINISTRATOR

(1) This Assistant Secretary is also the FHA Commissioner as required by law.

(2) This is also the Federal Housing Administration as required by law.



SHEET 1
December 4, 1965

COUNCIL
ON
INTERDEPARTMENTAL
COORDINATION

DIRECTOR OF
URBAN PROGRAM
COORDINATION
SECRETARIAT

ASSISTANT
SECRETARY
INTERGOVERNMENTAL
COOPERATION

Office
of
Research

Office of
Technical
Assistance
and
Information

Office of
Regional and
Metropolitan
Planning

Office of
Community
Development
Plans

Clearing
House

Temporary
National
Commission
on
Codes, etc.

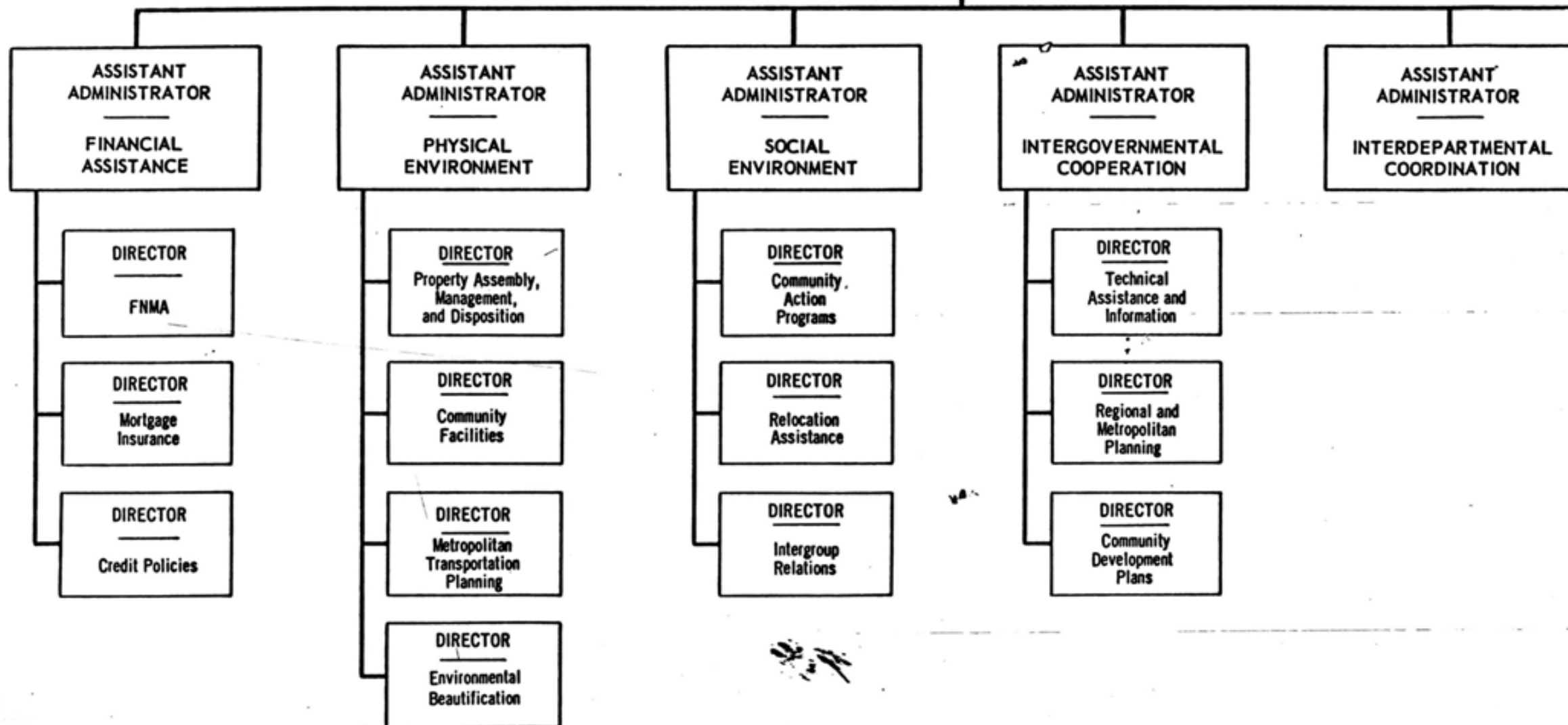
OFFICER

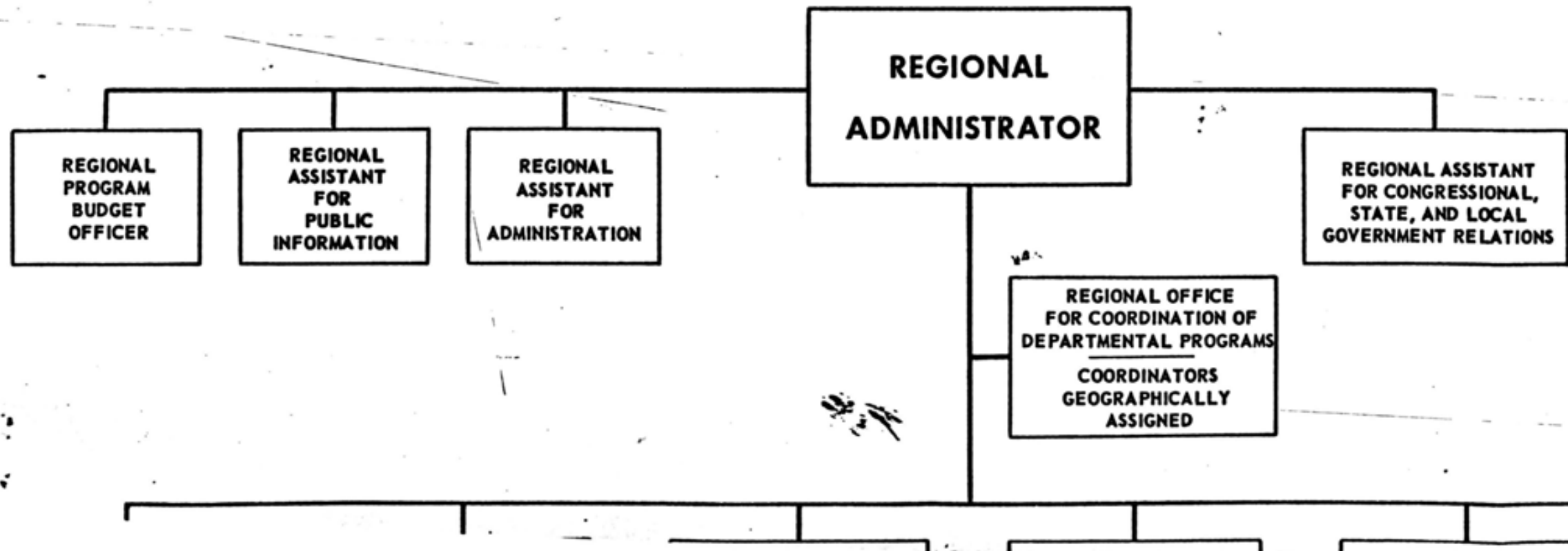
PUBLIC
INFORMATION

ADMINISTRATION

GOVERNMENT RELATIONS

REGIONAL OFFICE
FOR COORDINATION OF
DEPARTMENTAL PROGRAMS
COORDINATORS
GEOGRAPHICALLY
ASSIGNED





SHEET 2
December 4, 1965

CHIEF ASSISTANT
CONGRESSIONAL,
STATE AND LOCAL
GOVERNMENT RELATIONS

ASSISTANT
ADMINISTRATOR
—
INTERDEPARTMENTAL
COORDINATION

GENERAL
COUNSEL

(Night Letter)

XX

December 4, 1965

EXECUTIVE

ME3/11*

HS

FG170

BE 4/Housing

⑦+

PERRY WILLITS

PRESIDENT

NATIONAL ASSOCIATION OF HOME BUILDERS

CONRAD HILTON HOTEL

CHICAGO, ILLINOIS

THE COMBINED EFFORTS OF OUR NATION'S PRIVATE HOUSING INDUSTRY AND THE FEDERAL GOVERNMENT HAVE BROUGHT ABOUT THIS YEAR'S REMARKABLE ACHIEVEMENTS TOWARD THE SOLUTION OF OUR HOUSING AND COMMUNITY PROBLEMS.

THIS ADMINISTRATION HAS WELCOMED THE SUPPORT GIVEN BY YOUR NATIONAL HOUSING ASSOCIATION TO OUR LEGISLATIVE PROPOSALS WHICH RESULTED IN THE SUCCESSFUL CREATION OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND IN THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965.

MANY OF THE WISE SUGGESTIONS OF YOUR MEMBERSHIP WERE INCORPORATED INTO BOTH PROGRAMS. NOW WE MUST GO TO WORK TO MAKE THEM EFFECTIVE. I AM CONFIDENT THAT ONCE AGAIN I CAN COUNT ON YOUR VIGOROUS SUPPORT.

PLEASE ACCEPT MY CONGRATULATIONS FOR THE WISE LEADERSHIP WHICH YOU AND YOUR OTHER OFFICERS -- LARRY BLACKMON, LEON WEINER AND LLOYD CLARKE -- HAVE SHOWN DURING 1965. MAY YOUR SUCCESSORS SUSTAIN YOUR GOOD WORK.

LYNDON B. JOHNSON

LBJ:JHM:EH:GBK

sent for review

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CENTRAL FILES

December 7, 1965

EXECUTIVE (5)+

HEB/A*

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LG

FG/RS/PR/18

FG 170

Dear Mr. Klutznick,

Today's urbanization has brought unique and unparalleled problems for the people of our land. Any successful step toward their solution demands the strongest possible partnership of government, business, and private citizens.

Our nation's business and industrial leaders have a prominent stake in the future of our urban centers. And the ACTION Council has, throughout the years, sought effectively to reiterate the meaning of this stake of America's business community in the welfare of her cities.

This symposium will do much to further this effort. And I hope that it will bring us closer to solving the challenges of our time.

I look forward with interest to seeing the report on your conclusions. You have my warm wishes for every success in your deliberations.

Sincerely,

Lyndon B. Johnson

Mr. Philip ^XKlutznick
President

★ ACTION Council for Better Cities
Shoreham Hotel
Washington, D. C.

LBJ:JHM:EH:mb

CC: Mr. James Moyers, CF,
Mrs. Roberts/PR Unit/Mr. Bill Moyers

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DEC 8 1965
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FA 4

HS 3

FG 170

Memo to Redman from
Roth W Murray, Jr.,
HH 7A

re release of
prisoner of federal and
of northern areas

Link to
Bear ?

12/7/65

Cover not returned to
Central files as of 5/18/66

CHICAGO AND NORTH WESTERN RAILWAY COMPANY
400 WEST MADISON STREET, CHICAGO 6

EXECUTIVE
FG170

BEN W. HEINEMAN
CHAIRMAN

December 7, 1965

Mr. Chester Rapkin
1321 H Street, N. W. - Room 112
Washington, D. C.

Dear Chester:

I am enclosing herewith ten copies
of the Task Force final Proposed Plan of
Organization. *Y HUD*

I have sent copies to the mailing
list.

Best regards,

Sincerely yours,

[Signature]
Ben W. Heineman

Enclosures

VIA AIRMAIL

1 Report filed ^{}oversize Attachment 1215*

filed 1/15/66

SENT
WHCA

EXECUTIVE
FG 170
PR 18-3

1965 DEC 8 22 26

EEA417PP WTE10
DE WTE 629

FROM: HAYES REDMON
TO : BILL MOYERS
CITE: WH50597

UNCLAS

DECEMBER 8, 1965

MILT SEMER CALLED ME ABOUT THE FOLLOWING: HE NEEDS PROTECTING
SINCE HE SAYS HE IS UNDERCUTTING HIS OWN PEOPLE BY BRINGING
IT TO OUR ATTENTION.

IT IS A PRESS RELEASE ANNOUNCING A NEW HUD PROGRAM. HOWEVER,
MILT SAYS THIS PROGRAM COULD ALSO BE CONSIDERED A NEW ORGANIZATIONAL
STEP FOR THE STILL FORMING DEPARTMENT. SINCE THE ORGANIZATION
OF THE DEPARTMENT IS NOW UNDER DISCUSSION, MILT QUESTIONS
WHETHER WE WISH TO COMMIT OURSELVES TO THIS PROGRAM. HE
REQUESTS YOUR CLEARANCE.

I AM SENDING A COPY OF THIS TO HARRY MCPHERSON

DRAFT PRESS RELEASE

THE NEW DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT HAS A NEW
PROGRAM TO HELP CITY OFFICIALS MAKE FULL USE OF FEDERAL AIDS
FOR THE LONG-RANGE DEVELOPMENT OF URBAN AREAS.

HOUSING AND HOME FINANCE ADMINISTRATOR ROBERT C. WEAVER
ANNOUNCED THE DEPARTMENT'S NEW DEMONSTRATION CITIES PROGRAM
AND SAID THE FIRST TWO CITIES TO BENEFIT FROM IT WILL BE DETROIT
AND NEW HAVEN, CONNECTICUT.

MAIN PURPOSE OF THE PROGRAM IS THE ENCOURAGE CITIES TO DEVELOP
CAREFULLY COORDINATED PACKAGES OF SPECIFIC IMPROVEMENT PROGRAMS
OVER A NUMBER OF YEARS. PLANS CAN COVER MASS TRANSPORTATION,
URBAN BEAUTIFICATION AND OPEN SPACE, LOW AND MODERATE INCOME
HOUSING, CODE ENFORCEMENT, SEWER AND WATER FACILITIES, NEIGHBORHOOD
CENTERS, AND OTHERS FOR WHICH THE DEPARTMENT CAN PROVIDE ASSISTANCE.
THE NEW APPROACH WILL HELP LOCAL OFFICIALS COORDINATE THESE
PROGRAMS WITH THOSE OF SOME OTHER FEDERAL DEPARTMENTS AND
AGENCIES.

FOR EACH CITY THAT DEVELOPS A COORDINATED PACKAGE OF IMPROVEMENTS,
THE DEPARTMENT WILL ASSIGN ONE OFFICIAL FROM A REGIONAL HEADQUARTERS
OFFICE TO HELP LOCAL OFFICIALS COORDINATE THEIR PLANS. THE
CITIES WILL BE ENCOURAGED TO SET UP A SINGLE "URBAN DESK"
RESPONSIBLE DIRECTLY TO THE MAYOR'S OR CITY MANAGER'S OFFICE AND
TO WORK WITH THE ASSIGNED FEDERAL OFFICIAL.

"THIS NEW APPROACH AIMS AT TWO BASIC GOALS," ADMINISTRATOR WEAVER SAID.
"FIRST IS TO GET THE MOST EFFICIENT POSSIBLE USE OF FEDERAL FUNDS
FOR COMMUNITY ASSISTANCE. SECOND IS TO MAKE MORE EFFECTIVE,
IN TERMS OF A CITY'S OWN OBJECTIVES, THE IMPACT OF A FULL RANGE

DEC 8 PM 5 29
WEDNESDAY

OF FEDERAL AIDS."

THE NEW PROGRAM IS ALL READY TO GO IN NEW HAVEN AND DETROIT THIS WEEK. DEPARTMENT OFFICIALS WILL BE IN BOTH CITIES THURSDAY, DECEMBER 9, TO WRAP UP FINAL DETAILS FOR THE COMPREHENSIVE PROGRAM. A NUMBER OF OTHER CITIES, INCLUDING ATLANTA, PITTSBURGH, OKLAHOMA CITY, DENVER, MINNEAPOLIS, AND HONOLULU, ARE NOW WORKING WITH DEPARTMENT OFFICIALS TO PULL TOGETHER VARIOUS CITY PROPOSALS SO THAT THE DEMONSTRATION PROGRAM CAN BE LAUNCHED.

NEW HAVEN, WHICH HAS LONG BEEN A TRAILBLAZER IN URBAN DEVELOPMENT, HAS PUT TOGETHER A FOUR-YEAR COMPREHENSIVE IMPROVEMENT PROGRAM. IT INCLUDES PLANS TO PROVIDE 1,820 MORE HOUSING UNITS FOR LOW- AND MODERATE-INCOME PERSONS UNDER SEVERAL DEPARTMENT HOUSING PROGRAMS. MOST OF THESE WILL BE NEWLY BUILT, OTHERS REHABILITATED AND SOME LEASED ON SCATTERED SITES FROM PRIVATE OWNERS.

NEW HAVEN ALSO HAS PLANS FOR (1) PURCHASE OF OPEN SPACE FOR SEVEN CITY PARKS, (2) REDEVELOPMENT OF TWO OLDER SMALL PARKS, (3) BEAUTIFICATION OF THE HISTORIC "NEW HAVEN GREEN," (4) DOWNTOWN LANDSCAPING, (5) BUILDING A NEIGHBORHOOD CENTER IN THE DIXWELL AREA TO HOUSE SUCH ACTIVITIES AS OPERATION HEADSTART, DAY CARE, HEALTH PROGRAMS, AND SENIOR CITIZEN RECREATION, AND (6) REHABILITATION FUND GRANTS TO LOW-INCOME HOMEOWNERS IN THREE URBAN RENEWAL AREAS.

DETROIT HAS SUBMITTED A COMPREHENSIVE PROGRAM EMBRACING NINE MAJOR ELEMENTS TO BEGIN WITH. THESE ARE:

1. A NEW FAMILY CENTER FOR BUTZEL JUNIOR HIGH SCHOOL COMMUNITY.
2. A BROAD-GUAGE CODE ENFORCEMENT PROGRAM CENTERED IN THE BUTZEL AREA. THIS WILL PROVIDE LEVERAGE FOR THE CITY TO BRING REHABILITATION, RELOCATION ASSISTANCE, AND LOW-INTEREST HOME IMPROVEMENT LOANS TO BEAR IN A SINGLE SECTION OF THE CITY.
3. BEAUTIFICATION OF THE CIVIC CENTER AREA. MAJOR BUILDINGS HAVE SHAPED THE AREA, AND NOW THE CITY PROPOSES TO LANDSCAPE AND PAVE THE REMAINING OPEN SPACES.
4. BEAUTIFICATION OF APPROACHES TO BELLE ISLE BRIDGE, GATEWAY TO THE CITY'S CHIEF RECREATION FACILITY.
5. TREE PLANTING TO HELP REPLACE NEARLY 6,000 BLIGHTED ELMS WHICH MUST BE REMOVED.
6. IMPROVING AND EXPANDING THE CITY'S SYSTEM OF BASEBALL FIELDS, TENNIS COURTS AND OTHER RECREATION PLACES.
7. ADDING MORE OPEN SPACES ON A COMPREHENSIVE CITYWIDE BASIS.
3. PROVISION OF MORE MODERATE-INCOME HOUSING IN THE UNIVERSITY CITY DEVELOPMENT AREA.
9. BUILDING ABOUT 1,000 NEW UNITS OF PUBLIC HOUSING, MOSTLY FOR LARGE LOW-INCOME FAMILIES AND THE ELDERLY.

DTG: 032131Z DEC 65

Nothing else sent to
Central Files as of 1-10-66 L13

EXECUTIVE

FG170 (7)

FCS

CO 1201

International
Telephone and Telegraph

December 8, 1965

TO: THE PRESIDENT

FROM: Jack Valenti

National Broadcasting Co.

1. If it is true, as reported in the papers, that Robert Kintner is leaving NBC, why not consider him for the post of Secretary of Housing and Urban Development? Or Under Secretary?
2. Leonard Goldenson wants you to know that the merger of ITT and ABC will not change one iota the management of ABC and the network will continue under Goldenson's leadership. American Broadcasting Co.
3. Have just received this message from Barbara Ward who is in India: "Have read English language press every day for last week. See little trace of attack or criticism of President. On the contrary recent thoughtful TIMES of India special article explains Washington outlook with care and sympathy. Have also discussed forthcoming visit with most members of cabinet, including Prime Minister and found only expectation, interest and goodwill."

RECEIVED
DEC 9 1965
CENTRAL INTELLIGENCE
AGENCY

Copy sent to Mr. [unclear]

Nothing else sent to

Central Intelligence Agency as of 1/12/66

LB

Read that to Bill Moyers.
We don't want to be defensive
in the matter, but he ought to see
what happened.

LBJ/mf
12-8-65

1:30p

passed to Carol Walker
12-9-65
11:15a

10
TE 618
FROM: JACK VALENTI
TO : THE PRESIDENT
CITE: WH50593

UNCLAS

input
2/21
2-6
Goodwill
Received: Washington Commcen:
11:03 A.M. Wednesday 8 December 1965

Received: LBJ Commcen:
11:14 A.M. Wednesday 8 December 1965

DECEMBER 8, 1965

TO: THE PRESIDENT
FROM: JACK VALENTI

1. IF IT IS TRUE, AS REPORTED IN THE PAPERS, THAT ROBERT KINTNER IS LEAVING NBC, WHY NOT CONSIDER HIM FOR THE POST OF SECRETARY OF HOUSING AND URBAN DEVELOPMENT? OR UNDER SECRETARY?
2. LEONARD GOLDENSON WANTS YOU TO KNOW THAT THE MERGER OF ITT AND ABC WILL NOT CHANGE ONE IOTA THE MANAGEMENT OF THE ABC AND THE NETWORK WILL CONTINUE UNDER GOLDENSON'S LEADERSHIP.
3. HAVE JUST RECEIVED THIS MESSAGE FROM BARBARA WARD WHO IS IN INDIA: " HAVE READ ENGLISH LANGUAGE PRESS EVERY DAY FOR LAST WEEK. SEE LITTLE TRACE OF ATTACK OR CRITICISM OF PRESIDENT. ON THE CONTRARY RECENT THOUGHTFUL TIMES OF INDIA SPECIAL ARTICLE EXPLAINS WASHINGTON OUTLOOK WITH CARE AND SYMPATHY. HAVE ALSO DISCUSSED FORTHCOMING VISIT WITH MOST MEMBERS OF CABINET, INCLUDING PRIME MINISTER AND FOUND ONLY EXPECTATION, INTEREST AND GOODWILL."

DTG: 081703Z DEC 1965



Federal Housing Administration
Public Housing Administration
Federal National Mortgage Association
Community Facilities Administration
Urban Renewal Administration

HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE ADMINISTRATOR • WASHINGTON, D.C. 20410

EXECUTIVE

PQ2
FG170
FG240

②

DEC 8 - 1965

Honorable Lawson B. Knott, Jr.
Administrator
General Services Administration
Washington, D. C. 20405

Dear Mr. Knott:

This is in response to the memorandum of December 2, 1965, to Heads of Departments, from the Honorable Joseph A. Califano, Jr., requesting information on estimated use in 1966 of various materials under Federal or Federally-assisted programs.

not enclosed
I am submitting the enclosed report of materials estimated to be used in calendar year 1966 by contractors who will purchase finished products entailing such materials in connection with housing and public facilities projects receiving financial assistance under the programs of the Public Housing Administration and the Community Facilities Administration of this Department.

Sincerely yours,

Milton P. Scher

for Robert C. Weaver
Administrator

Enclosure

Rept. 6
Nothing else sent to
Central Files as of 5/22/66

File < H.U.D.

December 8, 1965

~~File~~ EXECUTIVE
FG170

MEMORANDUM TO BILL MOYERS:

FROM: HAYES REDMON

Milt Semer called me about the following: He needs protecting since he says he is undercutting his own people by bringing it to our attention.

It is a press release announcing a new HUD program. However, Milt says this program could also be considered a new organizational step for the still forming Department. Since the organization of the Department is now under discussion, Milt questions whether we wish to commit ourselves to this program. He requests your clearance.

I am sending a copy of this to Harry PcPherson.

orig +
Nothing also sent to
Central Files as of

4/6/67
WR

DRAFT PRESS RELEASE

The new Department of Housing and Urban Development has a new program to help city officials make full use of Federal aids for the long-range development of urban areas.

Housing and Home Finance Administrator Robert C. Weaver announced the Department's new Demonstration Cities Program and said the first two cities to benefit from it will be Detroit and New Haven, Connecticut.

Main purpose of the program is to encourage cities to develop carefully coordinated packages of specific improvement programs over a number of years. Plans can cover mass transportation, urban beautification and open space, low and moderate income housing, code enforcement, sewer and water facilities, neighborhood centers, and others for which the Department can provide assistance. The new approach will help local officials coordinate these programs with those of some other Federal departments and agencies.

For each city that develops a coordinated package of improvements, the Department will assign one official from a regional headquarters office to help local officials coordinate their plans. The cities will be encouraged to set up a single "urban desk" responsible directly to the mayor's or city manager's office and to work with the assigned Federal official.

"This new approach aims at two basic goals," Administrator Weaver said. "First is to get the most efficient possible use of Federal funds for community assistance. Second is to make more effective, in terms of a city's own objectives, the impact of a full range of Federal aids."

The new program is all ready to go in New Haven and Detroit this week. Department officials will be in both cities Thursday, December 9, to wrap up final details for the comprehensive program. A number of other cities, including Atlanta, Pittsburgh, Oklahoma City, Denver, Minneapolis, and Honolulu, are now working with Department officials to pull together various city proposals so that the demonstration program can be launched.

New Haven, which has long been a trailblazer in urban development, has put together a four-year comprehensive improvement program. It includes plans to provide 1,820 more housing units for low- and moderate-income persons under several Department housing programs. Most of these will be newly built, others rehabilitated and some leased on scattered sites from private owners.

-3-

New Haven also has plans for (1) purchase of open space for seven city parks, (2) redevelopment of two older small parks, (3) beautification of the historic "New Haven Green," (4) downtown landscaping, (5) building a neighborhood center in the Dixwell Area to house such activities as Operation Headstart, day care, health programs, and senior citizen recreation, and (6) rehabilitation fund grants to low-income homeowners in three urban renewal areas.

Detroit has submitted a comprehensive program embracing nine major elements to begin with. These are:

1. A new family center for Butzel Junior High School Community.
2. A broad-guage code enforcement program centered in the Butzel area. This will provide leverage for the city to bring rehabilitation, relocation assistance, and low-interest home improvement loans to bear in a single section of the city.
3. Beautification of the Civic Center area. Major buildings have shaped the area, and now the city proposes to landscape and pave the remaining open spaces.
4. Beautification of approaches to Belle Isle Bridge, gateway to the city's chief recreation facility.

5. Tree planting to help replace nearly 6,000 blighted elms which must be removed.

6. Improving and expanding the city's system of baseball fields, tennis courts and other recreation places.

7. Adding more open spaces on a comprehensive citywide basis.

8. Provision of more moderate-income housing in the University City development area.

9. Building about 1,000 new units of public housing, mostly for large low-income families and the elderly.

WR

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

December 9, 1965
Thursday - 9:45 a.m.

EXECUTIVE

LG

FG 170

~~FG 170-4~~

FG 170-5

FG 170-6

FG 11-15

FOR THE PRESIDENT

The cities group is coming down to the wire. Its two most important recommendations will concern HUD organization and the Reuther-inspired demonstration program.

Organization: Attached is the final version of the organizational charts, the first for Washington, the second for the regional offices. The report will provide clear and concise reasons for this arrangement. I will mention only two aspects of it.

a) The Secretary and Under Secretary are to run the operation in fact as in name. Regional administrators will come to them for instructions. The Assistant Secretary for Financial Assistance -- the FHA and FNMA man -- will therefore serve as staff to the Secretary, not as the un-guided operator of FHA in the field. The purpose of this is to make HUD a coordinated agency with a social as well as a brick-and-mortar purpose. Although most people in the present HHFA work for FHA, the task force is determined to prevent an FHA take-over. So the FHA man is only one of four assistant secretaries. The home builders and some members of Congress may grumble at this; but it will have strong support on the Hill. McNamara likes it.

b) Community Action would be taken out of Poverty and placed in HUD. This move was sponsored by Reuther and Heineman, for two reasons: to give HUD an active social agency that would challenge the rest of the department, and to give Community Action a strong base of organizational support. Kermit Gordon dissents, and so, at last reading, did Whitney Young, although not so vigorously as Kermit. Kermit feels this is putting too much under the wing of a new department; Whitney fears for the safety of Community Action if it is absorbed by bankers and mortgage men. Obviously there are considerable political consequences to this question, either way it is answered.

Nothing else sent to
Central Files as of 3/12/66

RECEIVED
1965 DEC 10
10:00 AM

"Tell him that I agree to it -- and to
do that and work with him and then
submit it to me ."

OK

LBJ/vm
12/11/65
12:20 pm

(F)

11-15-65
12-11-65
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

EXECUTIVE

FCI 170

SP2-4

①

December 11, 1965
9:00 a. m.

MEMORANDUM FOR THE PRESIDENT

FROM: Bill Moyers *BM*

It is apparent that money for the new programs to help our cities meet their urgent needs is going to be limited. There will also be fewer new proposals for urban action in the 1966 legislative program than would be desirable under other, more normal circumstances.

These difficulties, plus the delay in organizing HUD and the postponing of action on a new Secretary, may create (a) sharp criticism in the new year from Congress and columnists, and (b) political liabilities in the urban centers where expectations are high, perhaps unrealistically high.

There is a way to offset these difficulties and, in fact, to take the initiative in meeting them. That would be to announce in one fell swoop, and perhaps in the State of the Union message, the appointment of all eight of the top officials of the Department. Coming simultaneously with announcement of the organizational plans (the group set up to suggest these plans is doing a superb job), this action would demonstrate the results of the long delay in setting HUD in motion, take the onus from the attacks and criticisms that are inevitable unless we do more, and reveal just how much time and effort you have given this task.

To dribble these appointments out over a period of time will only serve to prolong the criticism and restlessness.

Each one of these eight appointments should be first-class. By sterling appointments again the criticisms of "delay" and "indifference" can be offset and the advantage kept. If you choose Robert Weaver, the remaining seven should all be "junior Goldbergs" -- men who, at your behest, leave prestigious public or private work to take this assignment. Hopefully, some of them will be young, new faces, for there is a real need to bring to HUD some of the zeal -- coupled with sound, tough executive management -- of the New Deal days.

I hope you will direct John Macy to put together a package of appointments for your consideration soon and, hopefully, for announcement in the State of the Union Message.

EX-100
FG170

December 13, 1965

FOR JOE CALIFANO

The cities group has concluded its work. A number of substantial changes in the Woods-Haar draft were made yesterday, and a few minor ones were made in the organizational chart. Woods will refine his paper today; I will send it to members tomorrow for comments; the final versions of both program and organization will be in my hands for transmittal to the boss by Friday or Saturday.

Ribicoff made a good contribution yesterday. His main concern, however, will probably not be reflected in the report. He has a practicing politician's fear of a "contest" in which some cities win, and others lose. He was inclined to escalate a demonstration program into a come one, come all program; but this has murderous budgetary implications, and would not in any event achieve our goal of stimulating cities to take new and drastic steps to gain massive Federal support.

Harry C. McPherson, Jr.

RECEIVED
MAR 15 1967
CENTRAL FILES

Heineman 7 ①
CHICAGO AND NORTH WESTERN RAILWAY COMPANY
400 WEST MADISON STREET, CHICAGO 6
HUD
EXECUTIVE
FG170

December 14, 1965

BEN W. HEINEMAN
CHAIRMAN

Mr. Harry C. McPherson
Special Assistant to The President
The White House
Washington, D. C.

Dear Harry:

I am enclosing ten copies of the Task Force
final Proposed Plan of Organization dated December 14,
1965.

I have enjoyed the assignment more than I can
say.

Merry Christmas and a Happy New Year.

Best regards,

Sincerely yours,

Ben W. Heineman
Ben W. Heineman

Enclosures

VIA AIRMAIL

RECEIVED
MAR 15 1967
CENTRAL FILES

December 13, 1965

EXECUTIVE (4)
FG 170
RE 4/Housing
HS
FG 11-8-V McPherson
Harry

Dear Mr. Willits:

I appreciate your letter, and I understand the concern you feel for a Home Builders' voice in the question of HUD organization.

From time to time a group has been meeting to discuss urban problems, and to develop new ideas and approaches for solving them. Their talks have ranged from bricks-and-mortar to social issues in the urban ghetto. As they had already met together on several occasions, I asked them to consider the organization of the new department and its relation to the questions they were discussing.

I expect to receive the view of a number of persons, both in and out of this group, before making any decisions on HUD organization. I certainly want to have the recommendations of the NAHB, and in order that I may have them let me suggest that you see Mr. Harry McPherson, one of my special assistants, at your convenience.

Sincerely,

LBJ
Lyndon B. Johnson

Mr. Perry E. Willits
President

x National Association of Home Builders
1625 L Street, N. W.
Washington, D. C. 20036

LM
LBJ/HCM/crm

RECORDED
DEC 13 1965
CENTRAL FILES

Dec 8

Mr McPherson:

John Clinton has had this letter. Decided it was not in his bailiwick and gave to Mr Hopkins.

Ruth

50
NATIONAL ASSOCIATION OF HOME BUILDERS

National Housing Center

1625 L STREET N. W. WASHINGTON, D. C. 20036

TELEPHONE (202) 737-7435

November 17, 1965

The President
The White House
Washington, D. C.

My dear Mr. President:

We have been disturbed by news stories in the past several days, particularly a detailed report in The New York Times which referred to a special committee which will make recommendations to you on the functions and organization of the newly-established Department of Housing and Urban Development.

These newspaper stories indicate that the scope of the committee's activities is very broad and that its members are working in an atmosphere of "elaborate secrecy so that they may not be pressured by anyone inside or outside of the government."

What concerns us is that the membership of the committee, as reported in The New York Times, does not include anyone with any direct contact with or working knowledge of the housing industry. As you know, our interests go to the building of housing for all of the American people and include not only single family and multifamily housing but also activities in other areas such as community rehabilitation and development and urban renewal; our activities to a large degree are influenced by all of the urban problems of land, blight, transportation, codes, pollution, etc. We have, therefore, developed an acute knowledge of the influence of these problems and their solutions.

A year ago last December we made a series of recommendations to you at your invitation about housing programs and the organization of the government's responsibilities in the housing field.

Many of these recommendations were similar to those which appeared in your legislative program, and to your proposal to establish a new Department of Housing and Urban Development.

Our association was the major private group which supported most vigorously your legislative proposals for housing programs as well as the new Cabinet Department.

November 17, 1965

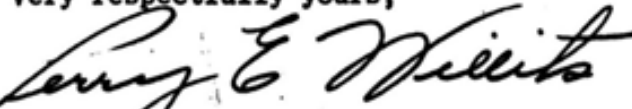
In this effort, I humbly believe we enhanced the basic value of the true concept of private-public partnership working toward the common good of the Nation's goals.

But now I must respectfully tell you of our deep concern that there are no experienced representatives of our industry on this special committee. Further, this committee apparently is working in such a manner that we will not be able to present to it our views on those questions which are so vital in enabling us to do a better job of providing the Nation's housing.

Therefore, I respectfully urge the appointment to this special committee of a knowledgeable and expert representative of the housing industry.

I will be happy to present to you the names of representatives who would be eminently qualified to serve and who would serve, not only in seeking to solve the problems of housing, but to help solve the problems of our urban society.

Very respectfully yours,



Perry E. Willits
President

EXECUTIVE

HU 2/MC

FG 170

December 15, 1965

Dear Bob:

On behalf of all of us who were involved in the Planning Session held November 17 and 18, I want to express to you our warmest thanks for the help which Mr. George Nesbitt was able to give to the section on Housing and the Neighborhood.

(W.H. Conf.
to Fulfill
these Rights)

You know of the severe time limitations in making thoughtful background preparation available to the participants, and in shaping the agenda for discussion. Mr. Nesbitt's role in this area was an invaluable one, and the experience and creative ideas which he was able to bring to bear played a vital part in the success of the meetings.

We are more than grateful to you for allowing us to call upon him so extensively.

With warm regards,

Sincerely,

Lee C. White
Special Counsel to the President

Hon. Robert Weaver
Administrator
Housing and Home Finance Agency
1626 K Street, N.W.
Washington, D. C.

(SAMPLE)

Jim
THE WHITE HOUSE
WASHINGTON

EXECUTIVE
FG/70

December 16, 1965

Dear _____:

Here is the final draft of the organizational chart. Please return it to me with your comments as quickly as possible.

Sincerely,

Harry McPherson

(SENT AIRMAIL-SPECIAL TO NINE
PERSONS ON LIST)

21 in Mess -- at 1:00 pm & 7 pm

Personnel attending meeting starting at 10 AM, Sunday 12 December 1965,
thru afternoon and evening, 2d floor, conference room --
Co-Chairmen: Harry McPherson and Joe Califano

JACK CONWAY

✓ KERMIT GORDON ✓

✓ PROFESSOR CHARLES HAAR¹² ✓

✓ BEN HEINIMAN ✓

NORMAN NICHOLSON

✓ EDGAR KAISER ✓

✓ WILLIAM RAFSKY ✓

✓ WALTER REUTHER ✓

OSKAR STONOROV

✓ PROFESSOR ROBERT WOOD^{Bst} ✓

✓ WHITNEY YOUNG ✓

JERRY SONOSKY

JOHN CLINTON

BILL ROSS

CHESTER RAPKIN

GRACE MILGRAM

JACK NOBLE

ROBERT PONTE

✓ SENATOR ABRAHAM A. RIBICOFF ✓

?
For mailing
list -
those
circled

RECEIVED
DEC 15 1965
CENTRAL FILES

Chester Rapkin ^{for} Mr. Rapkin ✓

TOTAL: 21

THE WHITE HOUSE
WASHINGTON

December 14, 1965

Dear

Enclosed is Bob Wood's final draft. Would you please make your comments on this copy and send it airmail, special to him at the following address:

Professor Robert Wood
Dept. 53-420
Massachusetts Institute of Technology
Cambridge, Massachusetts 02139

I hope to have the amended, absolutely Final version in my hands this weekend.

Sincerely,

Harry McPherson

Harry C. McPherson, Jr.
Special Assistant to the President

Encl

Walter:

Mr. Walter Reuther
St. Francis Hotel (Room 735)
Union Square
San Francisco, California 94119

Whitney:

Mr. Whitney Young
14 East 48th Street
New York, N. Y.

Ch. Kermit:

Honorable Kermit Gordon
Brookings Institute
1775 Massachusetts Ave., N. W.
Washington, D. C.

Charlie:

Professor Charles Haar
Harvard Law School
Cambridge, Massachusetts

Dear Charlie:

Form 10-10-10

Rank, Office, Address, etc.
Name, Title, Address, etc.

Edgar:

Mr. Edgar Kaiser
300 Lakeside Drive
Oakland, California

Here Ed

Format of ltr to:

Rafsky, Heineman, Ribicoff, Kaiser,
Haar, Gordon, Young, Reuther

Senator:

Honorable Abraham A. Ribicoff
United States Senate
Room 311 - Old Senate Bldg.
Washington, D. C.

Senator:

Honorable Abraham A. Ribicoff
United States Senate
Room 321 - Old Senate Bldg.
Washington, D. C.

Handwritten: Ribicoff
Signature: abe

Bill:

Mr. William Rafsky

~~419 E. Sedgwick~~

Philadelphia, Pennsylvania

400 West Madison St.

Chicago 6, Illinois

3461 School House Lane

President

Bill

THE WHITE HOUSE
WASHINGTON

December 14, 1965

Ben:

Dear

Enclosed is Bob Weiss's final draft. Would you please make your comments on this copy and send it airmail, special to him at the following address:

Professor Robert Wood
Dept. 53-420
Massachusetts Institute of Technology
Cambridge, Massachusetts 02139

I hope to have the amended, absolutely Final version in my hands this weekend.

Sincerely,

Harry C. McPherson

Harry C. McPherson, Jr.
Special Assistant to the President

Encl

Mr. Ben W. Heineman
Chairman
Chicago and North Western Railway Co.
400 West Madison Street
Chicago 6, Illinois

THE WHITE HOUSE
WASHINGTON

Mr. Califano:

Delivered the attached to the sit room
with a note on the envelope which
stated:

"Sit Room: Hold this and do not send
on the wire to the President until or
unless Joseph A. Califano, Jr.
authorizes you to do so."

6. F. 170/117

(2)

EEA228
OO WTE10
LE WTE 2268

Received: Washington CommCen
6:04 PM Saturday 19 November 1966

Received: LBJ Ranch CommCen
8:12 PM Saturday 19 November 1966

FROM: JOE CALIFANO
TO : THE PRESIDENT
INFO: BILL MOYERS
CITE: CAP661004

~~CONFIDENTIAL~~

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

SUBJECT: CANDIDATES FOR [THE NATIONAL COMMISSION ON CODES,
ZONING, TAXATION AND DEVELOPMENT STANDARDS]

THIS IS A KEY COMMISSION. ITS TASK WILL BE TO CONDUCT
THE FIRST COMPREHENSIVE REVIEW OF BUILDING CODES AND PROPERTY
ZONING IN MORE THAN TWO GENERATIONS.

THE PROBLEMS IN THIS FIELD ARE INTRICATE AND COMPLEX.
THEY WILL REQUIRE A GREAT DEAL OF INGENUITY AND NEW APPROACHES.
IF WE CAN GET SOME OF THESE PROBLEMS SOLVED, WE WILL GO A LONG
WAY IN BRINGING OUR URBAN PROGRAMS TO THE PEOPLE MUCH MORE
EFFECTIVELY AND RESPONSIVELY, WITH LESS COST AND GREATER
EFFICIENCY.

JOE CALIFANO: THIS COMMISSION IN YOUR 1965 CITIES
MISSION IN YOUR

Joe
Paul
I don't think Douglas will take this, but it's all
right if you think this is the best you can do.

Give me a report on the Evans-Novak column
today on what you said to Neustadt.

LBJ/mf
11-20-66
9:30p

RIZED THE
89-117,
HOUSING AND URBAN
TURE OF:

USING AND
REGULATIONS
ING COSTS,
AND ENFORCED,
MIGHT BE

File

The President's wishes relayed to
by telephone from the LBJ Ranch

CALIFANO

Jake Jacobsen
November 21, 1966 10:00 A

AND THE CONGRESS WITHIN 18 MONTHS.]

AT YOUR REQUEST, MACY AND I HAVE AGAIN REVIEWED THE CANDIDATES
WITH BOB WOOD AND WE NOW PROPOSE THE LIST BELOW.

WE RECOMMEND SENATOR PAUL DOUGLAS AS CHAIRMAN. YOU COULD
ANNOUNCE DOUGLAS AS CHAIRMAN AFTER TALKING TO HIM AND RELEASE
THE NAMES OF THE OTHER MEMBERS LATER.

November 12, 1966

FOR THE PRESIDENT

FROM Joe Califano

Attached is a draft statement announcing the Commission on
Codes, Zoning and Taxation should you care to use it tomorrow.

QUOTE

UNQUOTE

A DRAFT STATEMENT FOR THE PRESIDENT IN
ANNOUNCING A COMMISSION ON CODES, ZONING,
AND TAXATION

I am pleased to announce today / the members of an Advisory Commission to help carry out a study of major importance in the fields of codes, zoning, and taxation.

The members of this Commission are distinguished citizens with broad experience in ~~the field of~~ urban affairs.

I have asked them to lend their time and talent to help the Secretary of Housing and Urban Development carry out ^(THIS MOST IMPORTANT) the study ~~for which Congress appropriated 1.5 million dollars this fall.~~

In addition to the members announced today, special expert panels will be appointed to help carry out the study in each specific ^{subject} ~~study~~ area.

The establishment of this Commission flows from the recommendation in my message to Congress last year on the problems ^{and} of the future of the cities and its ^a suburbs. It is my belief that this study can make a major contribution in the development of ideas and proposals for a dramatic improvement in the quality of our cities and suburbs.

The areas of housing and building codes, zoning, and taxation are key elements affecting the shape and fabric of our society. They are complex subjects, ^{but crucially important.} ~~Solutions will require the participation and cooperation of many interested groups and organizations.~~ It will take an energetic and hard-working Commission to help find the right answers.

- Building codes are a pivotal element in determining whether or not we can make maximum use of this Nation's technological capacity in meeting our urgent building needs as economically and creatively as possible.
- Housing codes can both help sound neighborhoods from slipping into slums and alleviating at least the worst physical conditions in existing ~~slums~~ ^{ones}.
- Zoning is the ^{basic} ~~major~~ instrument by which local governments ~~can~~ help shape ^{present} ~~more economical~~ and ~~more satisfying~~ patterns of metropolitan growth.
- Tax policy is a major factor in determining such matters as the flow of capital investment in slum areas and the willingness of homeowners to maintain and up-grade their properties.

These subjects are all matters of primary state and local responsibility. The problems cannot be solved by Federal fiat.

It is my hope that this Commission will develop sound and constructive prospects for consideration by all levels of government and by private organizations and individuals.

The challenge and the opportunity of this Commission will be to bring together all the many diverse interests whose understanding, participation, and cooperation are essential to the achievement of meaningful progress. I am confident that the members will be equal to the task.

A true partnership,

Caplin Insert

To head this Commission, I have selected a respected American with a deep interest in urban affairs. He is Mortimer Caplin. Now a distinguished practicing attorney, this former law professor and Commissioner of the Internal Revenue Service will bring his able leadership and his many talents to bear on the difficult challenges of rebuilding and renewing our cities.

EF

Dec. 20, 1965

G.F.
FG11-15
FG170
WE9

ADMINISTRATIVELY CONFIDENTIAL

Statement by Kermit Gordon

I regret that I cannot join the majority of the Task Force in recommending that the Community Action Program of the Office of Economic Opportunity be transferred to the Department of Housing and Urban Development. I owe it to the other members of the Task Force to provide a written statement of my reasons for demurring on this recommendation. This statement will supersede the brief provisional statement which was distributed at the December 12 meeting, and which is hereby withdrawn.

As our discussions made clear, all members of the Task Force feel strongly (a) that the Community Action Program needs to be preserved and strengthened, and (b) that HUD must deal more effectively with the human problems raised by its own programs than did its predecessor agency. The majority, though recognizing risks with respect to (a), concluded on balance that both purposes would be served by transferring CAP to HUD. I assessed the risks somewhat differently, and concluded on balance that the transfer is not likely to strengthen CAP, and may even weaken it.

In the view of the majority, incorporation in HUD will provide to CAP added security, prestige, and technical resources. I am more

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EXECUTIVE

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FG 60 Task Force

December 21, 1965

The President
The White House
Washington, D. C.

My dear Mr. President:

I have the honor to submit the Report of the Task Force on Urban Problems dealing with the proposed plan of organization for the Department of Housing and Urban Development.

This report is the result of the deliberations of the full Task Force, and except where noted in one instance, reflects the unanimous views of its members. It benefits from the wise counsel of Senator Abraham Ribicoff who joined the Task Force in its deliberations at your request. Questions of the appropriate timing for implementing particular recommendations were subject to some difference of opinion, but the basic philosophy, structure, and administrative procedures recommended are endorsed by all.

The initial work in this area was carried out by a subcommittee consisting of Mr. Heineman, Mr. Haar, and Mr. Rafsky who, in separate meetings, reviewed past proposals, and provided creative and carefully developed alternatives for the Task Force to consider. They were assisted by Mr. John Clinton of the White House, and benefited from the views of Mr. Harold Seidman and his staff of the Bureau of the Budget, and Mr. Weaver and his staff from the agency.

We believe that the plan proposed in this report will make possible strong, vigorous and efficient direction and management of the Federal programs necessary for the healthy development of Urban America.

Respectfully submitted,

Robert C. Wood
Chairman

Noting also sent to
Central files as of
Enclosure

DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

Proposed Plan of
Organization

ADMINISTRATIVELY
CONFIDENTIAL

TASK FORCE - FINAL

December 14, 1965

Prefatory Note

The Proposed Plan of Organization submitted herewith is the Task Force Subcommittee draft of November 26, revised to meet the views of the Task Force as expressed at the Washington meetings of November 26 and 27, December 4, and December 12.

Proposed
Plan of Organization
for the
Department of Housing and Urban Development

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Proposed
Plan of Organization
for the
Department of Housing and Urban Development

I.

Conclusions and Recommendations

A. The Organization

1. Basic Objectives

The establishment of a new Department provides an unique opportunity to create an organizational structure specially designed to enable the Department to fulfill its basic tasks and mission.

The organization of the Department of Housing and Urban Development must be shaped to give the best possible administration to the specific programs entrusted to the Department, and to be resilient enough to flex and grow as new programs are confided to it, or old ones expanded and modified.

The Organization Plan must enable the Department to provide for full and unified consideration of the needs and interests of the Nation's communities and of the people who live and work in them. Among other things, this means that it must recognize the integral relationship of the physical and social environments. At the same time, the Organization Plan must enable the Department to assist the President in achieving that essential coordination of Federal activities which materially affect urban, suburban and metropolitan development. The form of organization must be creatively fashioned to be hospitable to inter-governmental cooperation and to local and private action helpful in solving problems of housing, urban development and mass transportation, and, of course, the form of organization must be such as to encourage a vigorous private homebuilding and mortgage lending industry.

The attainment of these objectives will require a reshaping of existing administrative patterns.

2. The Secretary

The proposed organization establishes a "strong" Secretary exercising unified control over his Department. He is provided with a strong staff structure which should enable him to perform effectively all essential management functions, including such vital ones as policy formulation and control, program evaluation, development of standards and procedures, budgetary control and research.

In view of the importance of the Under Secretary and the Assistant Secretaries, it would assist in attaining the objective of unified control if the Secretary were given a significant voice in the making of these appointments.

3. Headquarters Structure

Careful consideration has been given to the respective merits of a "functional", as contrasted with a "divisional" (regional) type of organization. In the first, authority runs along functional lines from several headquarters chiefs to their program counterparts in the field. Such an organization is reminiscent of operations under HHFA. In the divisional organization, headquarters units would be utilized primarily as staff with responsibilities which would include policy formulation, program evaluation, development of standards and procedures, budgetary controls and research. Responsibility for the day to day carrying out of programs and policies would be vested in strong Regional Administrators reporting directly to the Secretary through the Under Secretary.

Consideration was also given to a part "functional", part "divisional" organization in which certain Assistant Secretaries would have line responsibilities reaching into the field operationally along functional lines, while other Assistant Secretaries would have staff responsibilities only. Such an organization has been discarded as depriving the Secretary of necessary staff at the Assistant Secretary level. In addition, such an organization would blur lines of command in that the Regional Administrator, and those under him, would receive directives from more than one source.

The proposed Plan accepts unqualifiedly the concept of a strong regional organization with a direct line of command running

from the Regional Administrator to the Secretary through the Under Secretary. This is most consistent with a strong unified Department with ultimate power and responsibility resting clearly in the Secretary. It will relieve headquarters units generally of responsibility for day to day operations and provide the time and responsibility for vital staff functions. Moreover, as will appear, such an organization will put the answers into the field where they belong.

4. Field Structure

Day to day operations will be unified under a number of Regional Administrators. The Regional Administrator will be responsible for the effective administration of Departmental policies, functions and programs in his region.

The Regional Administrator should be well paid and competent. He should have understanding of and sympathy with the programs and policies entrusted to him, and should have proved administrative ability. He reports to the Secretary through the Under Secretary. (See p. 9)

5. Staff Organization and Personnel System

Unification of control and decentralization of day to day operations will require maximum consolidation of similar staff functions. Sound administration will create one unified Departmental career system to replace the four or more separate and distinct "career ladders" now existing (FHA, PHA, FNMA and OA, including URA and CFA).

There will be significant opportunities for economy and efficiency as like technical staffs are consolidated for recruitment, training, promotion and operational purposes. The careful reexamination of differences in techniques between similar programs will be a very important consequence of this consolidation.

Even more important, however, will be the effect of staff consolidations in breaking down now obsolete loyalties to narrowly defined existing programs. It will become clear to Departmental staff that their personal horizons have been broadened rather than endangered by the basic reorganization recommended.

B. Transfer and Coordination of Federal Programs

The transfer of a program or a function into the Department is not recommended unless control (as distinguished from coordination) is viewed as being important to the achievement of the Department's mission. Where such a program or function is severable, only that part is transferred into the Department as relates directly to the Department's mission. The transfer out is recommended on the basis of reverse criteria. From time to time, other Federal programs and functions should be reviewed to see whether they should be transferred into HUD, including a careful analysis of the many components of the Civil Rights programs.

Since a Plan of Organization must follow substantive programs and functions, decisions on the recommendations will shape the form of the organization.

1. Transfers into the Department

- (a) Community Action Programs. We must recognize that the social problems of the cities have led to turmoil, strife and great dangers. Many of these problems are inextricably tied to the physical environment. In the judgment of the Task Force, they should be treated together.

Community Action Programs of the Office of Equal Opportunity deal directly with the social environment of the City. Such programs could and would add important "human" dimensions to a Department that would otherwise be preoccupied with the physical environment alone. Moreover, the Department with its funds, programs and new status would lend needed strength to the Community Action Programs. This would tend to make them more successful and meaningful and to give them essential continuity.

It is believed that the OEO programs must soon find permanent homes in Executive Departments. A number already have. In the judgment of the Task Force the Community Action Programs are vital to the performance of the new Department's total responsibilities and should be transferred to it.

The Plan of Organization insures that Staff responsibilities for CAP are given to an Assistant Secretary. These will be his principal duties. When transferred, the announcement should make clear that in the President's view the transfer

is positive and necessary to the performance and long range success of CAP and to make our cities truly livable.*

- (b) Veterans Administration Mortgage Guaranty and Direct Loans. The functions of the Veterans Administration with respect to Veterans Mortgage Guaranty and Direct Loans should be transferred to HUD. This function is still substantial (\$3 billion in 1963, of which \$2 billion was old and \$1 billion was new), and will grow. It is parallel to the functions performed by FHA. While leaving the eligibility certification with the Veterans Administration, this transfer will insure continuity of the Veterans Administration's Guaranty and Direct Loan Programs and will make them more efficient and helpful to veterans. It will assist the builder in that it will provide a one-stop service.

2. Transfers Out of the Department - College Housing

This is more suitably assigned to HEW.

3. Special Functions

- (a) Metropolitan Transportation Planning. Orderly urban growth must take into account and deal effectively with the 3 R's of transportation--Road, Rail, Rapid Transit. Unless planning extends to all three, no serious planning can be undertaken. In this case, coordination is a poor substitute for unified planning.

It is therefore recommended that the policy determination of whether and where such roads should be located in the metropolitan area should be a responsibility of HUD. The Bureau of Public Roads would retain all construction and engineering responsibilities, as well as the funds.

- (b) Clean Air, Clean Water and Solid Waste Disposal. Clean air and clean water are essential to a modern metropolitan community. Water supply and sewage lines shape future suburban, and hence future metropolitan, development. HUD now has some responsibilities for sewage and drainage programs. Air pollution has its principal impact in urban areas.

* One member, Mr. Kermit Gordon, dissents from this recommendation for reasons that he submitted to the Task Force in writing.

While it is recommended that other Departments have, and should continue to have, responsibilities in these areas, planning responsibilities with respect to metropolitan clean air, clean water and solid waste disposal should be discharged by HUD.

4. Coordination of Federal Programs

All other Federal activities affecting housing and urban development shall be coordinated under the leadership of the Secretary of HUD at the direction of the President. This shall be done through a Council on Interdepartmental Coordination. The President will no doubt wish promptly to issue an appropriate directive to the Secretary of HUD and to the Secretaries and Heads of other affected departments and agencies. It would be appropriate for the directive to stress the importance of responsible Departmental and Agency participation and to require a section on coordination of such activities to be included in the Secretary's annual report.

II.

The Plan of Organization-Headquarters

A. The Secretary

1. The Secretary, as Head of the Department, has all of the ultimate responsibility and power that that implies. The proposed organization is designed to enable him to be the Head of the Department in fact, as well as in name.
2. Attached to the Secretary's office is a cluster of general Staff functions: General Counsel, Office of Congressional Relations; Office of Public Information, and Assistant Secretary for Administration. The Office of Congressional Relations should be an effective vehicle for translating Departmental policies and programs into meaningful Congressional and Legislative terms.

B. The Council on Interdepartmental Coordination

As already stated, it is proposed to establish a Council on Interdepartmental Coordination to enable the Secretary to carry out his leadership responsibilities in coordinating Federal activities

affecting housing and urban development. The proposed Council will be principally at the Secretarial level and will consist of: Chairman: Secretary, Department of HUD; Members: Secretaries of Defense, Interior, Commerce, Labor, and Health, Education and Welfare. The Council should also include the Heads of the FAA, GSA and HLBB.

The Director of the Office of Economic Opportunity is not included since it is proposed to transfer the Community Action Program to HUD. If this should not be accomplished, the Director should be on the Council.

The Director of Urban Program Coordination (established by the law) shall head the Secretariat of the Council.

C. The Under Secretary

1. The Under Secretary, subject to the direction of the Secretary, is the Chief Operating Officer of the Department. All Regional Administrators will report to him and he will be responsible to the Secretary for the achievement and coordination of policies, functions and programs that are operational. Through the field forces, the Under Secretary must be responsible for the coordination of HUD programs and coordination between HUD programs and the programs of other Federal, State and Local agencies in the field. Although the certification and annual recertification of basic plans, including workable programs, will be decentralized to the Regional Administrator, the Under Secretary will have supervisory responsibilities with respect to this important control.
2. Because of the inherent nature of a "one over one" type of organization, the Secretary should have a significant voice in the selection of the Under Secretary.

D. The Deputy Under Secretary

1. The Deputy Under Secretary shall be responsible for policy formulation, special demonstration projects and program evaluation. Since these responsibilities are vital both to future and existing programs, and since these responsibilities relate to the functions and programs of the entire Department, it is felt that they should be lodged in one who is not on an organizational level with the Assistant Secretaries. The Deputy

Under Secretary should, if possible, be paid as much or slightly more than the Assistant Secretaries and should be appointed by the Secretary after being personally satisfied of his fitness and qualifications for the position.

2. Reporting to the Deputy Under Secretary shall be the Committee on Research which shall consist of the three Directors of Research who head the three Research Offices. The Committee on Research is primarily a research coordinating group. (See p. 9) The Institute for Urban Development will also report to the Deputy Under Secretary.

E. The Assistant Secretaries

The Assistant Secretaries, together with the Deputy Under Secretary, should, together, constitute a strong, dynamic staff group. For the reasons stated in Article I, the Plan of Organization confers no line responsibility upon them. Within the programs and responsibilities delegated to them, or specially assigned by the Secretary, there is no aspect of the Secretary's broad policy making responsibilities which should be immune to their searching inquiry. Ideally, they should be regarded as a unified staff with close professional relationships under the leadership of the Secretary. If at all possible, the Secretary should have a significant voice in their appointment.

1. Assistant Secretary-Financial Assistance. The Assistant Secretary - Financial Assistance is also the FHA Commissioner. Under the Assistant Secretary are clustered the staff responsibility for the FNMA, the Office of Mortgage Insurance (includes the FHA and the mortgage insurance functions of the Veterans Administration) and the Office of Credit Policies. The Office of Credit Policies has staff responsibility for the programs shown on the Organizational Chart (Sheet 1). These are primarily direct payment programs. It should be noted that the functions of the Public Housing Authority have been separated and that staff responsibility for the financial aspects has been placed in the Office of Credit Policies under the Assistant Secretary - Financial Assistance.
2. Assistant Secretary - Physical Facilities. Under this Assistant Secretary have been clustered staff responsibility for those programs and functions relating primarily to physical environment, including large scale subdivisions and new developments. Sheet 1 of the Plan of Organization sets out the details.

3. Assistant Secretary - Community Action Programs. This Assistant Secretary has staff responsibility for all Community Action Programs (proposed to be transferred from the Office of Economic Opportunity). Because the problem of Civil Rights is central to the reconstruction of cities, the Assistant Secretary must give it special attention and close liaison with agencies and units charged with responsibility in this area. There is also the Office of Intergroup Relations and the Office of Relocation Assistance.
4. Assistant Secretary - Intergovernmental Cooperation. Under this Assistant Secretary are several offices dealing with intergovernmental cooperation, including notably the Office of Technical Assistance and Information, which includes the clearing house functions of the Department.
5. Research. A separate Office of Research has been established under each of the first three Assistant Secretaries. It is believed that the functions and programs of these three Assistant Secretaries are sufficiently disparate so that it will not be duplicitous to have three such offices. Indeed, it would be inevitable for the three Assistant Secretaries to have their own Research Assistants, whether expressly so designated or not. However, to insure coordination between such offices, and to make certain that such facilities as a research library, for example, exist in common, the Directors of these three offices are brought together as a Committee on Research directly under the Deputy Under Secretary.

III.

The Plan of Organization - Field

A. The Regional Administrator

1. The Regional Administrator reports to the Secretary through the Under Secretary. He is, therefore, the Chief Operating Officer for the Region. All policies, programs and functions of the Department that are operational in his Region are unified under him. This would also include special demonstration projects.
2. Clustered under him are such positions as Regional Program Budget Officer; Regional Assistant for Public Information, and Regional Assistant for Administration.

3. The ideal Regional Administrator will maintain close and effective relationships with Senators, Members of Congress, and State and Local Government officials from his Region. It would be expected that by virtue of his character and ability and the delegation of power to him, he would be able to take responsible action in the great preponderance of instances without resort to Washington.
4. Under a divisional Plan of Organization, the operational success of the Department will depend principally upon the quality of the Regional Administrator. He should be well paid and carefully selected on the basis of high qualification standards. His appointment should be at the discretion of the Secretary and excepted from career service classification in order to permit the Secretary maximum flexibility in selecting the most outstanding candidates from within as well as without the federal service. The policy formulations at Headquarters should of course be sufficiently detailed so as to insure relatively uniform application nationally. However, uniformity should not be obtained at the expense of the judgment and discretion of the Regional Administrator. It will be the responsibility of the Secretary to make certain that the natural inclination of Headquarters Staff to control operations through overly-detailed policy formulations is not given such scope as to deny to the Regional Administrator the responsibility and opportunity to exercise judgment and discretion.
5. Considerable authority will be vested in him through the power which he should possess to certify and annually to recertify basic plans, including workable programs. His exercise of this power is of course subject to policies to be given him and to the supervisory responsibility of the Under Secretary.

B. Regional Office for Coordination of Departmental Programs (Coordinators Geographically Assigned)

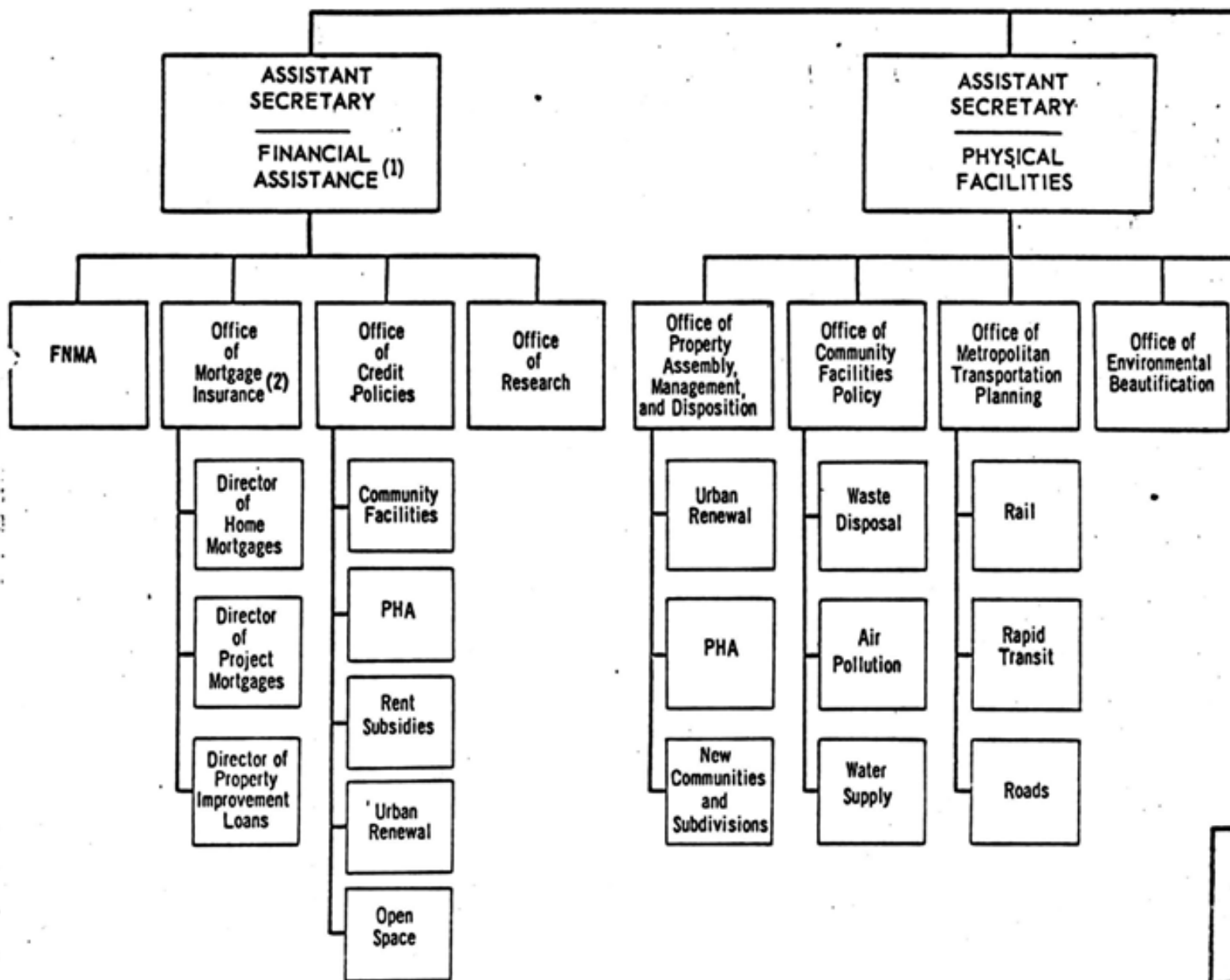
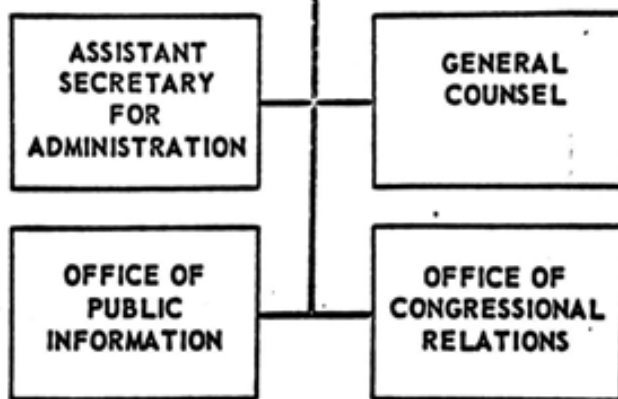
Attached to the Regional Administrator is the Office for Coordination of Departmental Programs, with the Coordinators being geographically assigned. Every local community having a HUD program will be served by a Regional Coordinator. He is the point of contact between the Regional Office and the metropolitan area, including the local communities within the metropolitan area. From the drawing up of required plans, to the preparation of applications, to expediting their review by the Regional Office Staff, to checking on the execution of projects, the Coordinator advises, guides and stimulates the local community into taking advantage of Federal urban programs. At the same time, he assists these communities in meeting requirements for such Federal aid.

Although based physically in the Regional Office, the Coordinator will spend a good deal of time in the metropolitan area or areas he serves.

C. Assistant Administrators

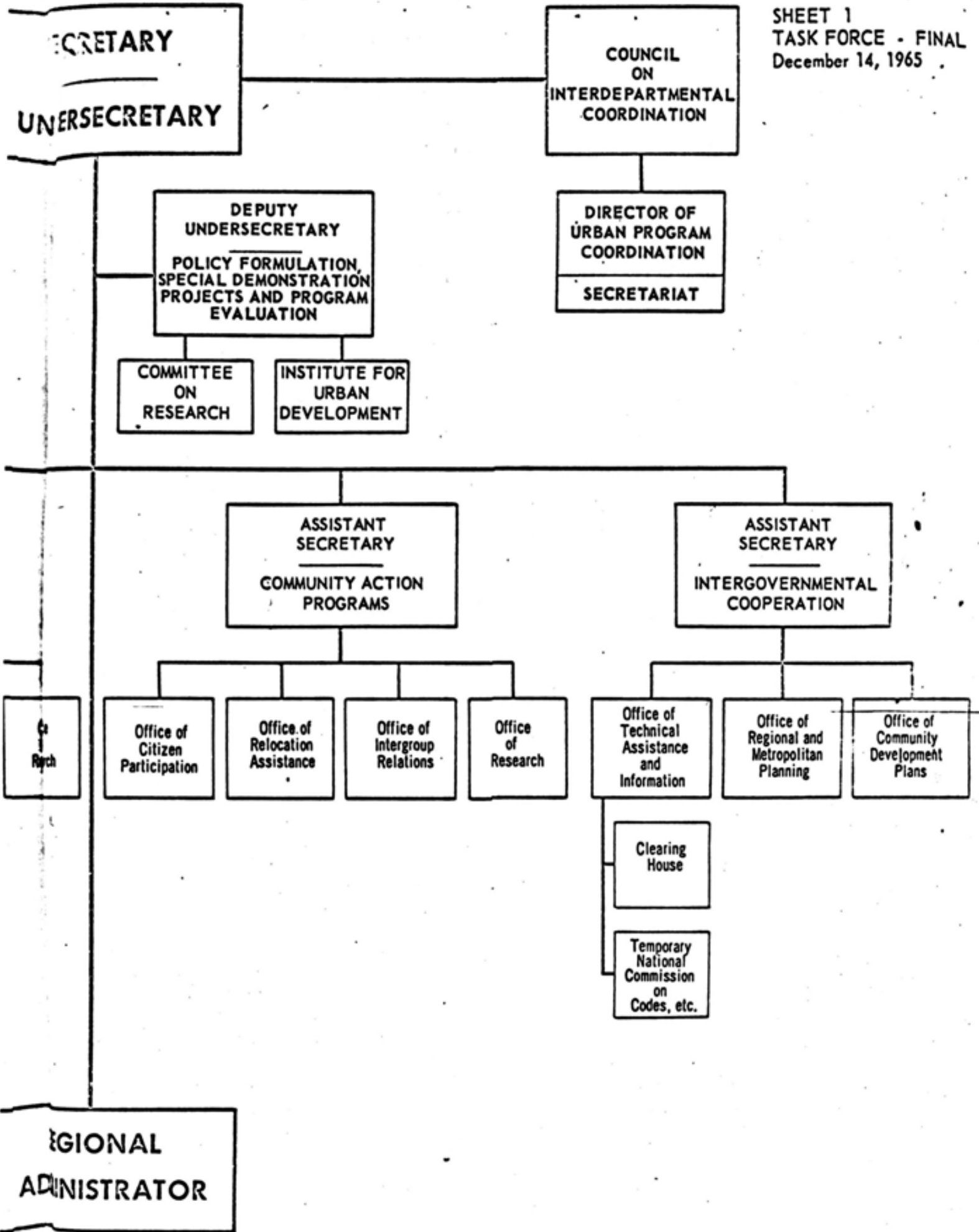
Four of these Assistant Administrators are the program and operational counterparts of the four Assistant Secretaries. The fifth Assistant Administrator carries out in the field the interdepartmental coordination functions discharged at Headquarters by the Council on Interdepartmental Coordination. He undoubtedly will be assisted in this by the Director of Urban Program Coordination, who heads the Secretariat to the Council.

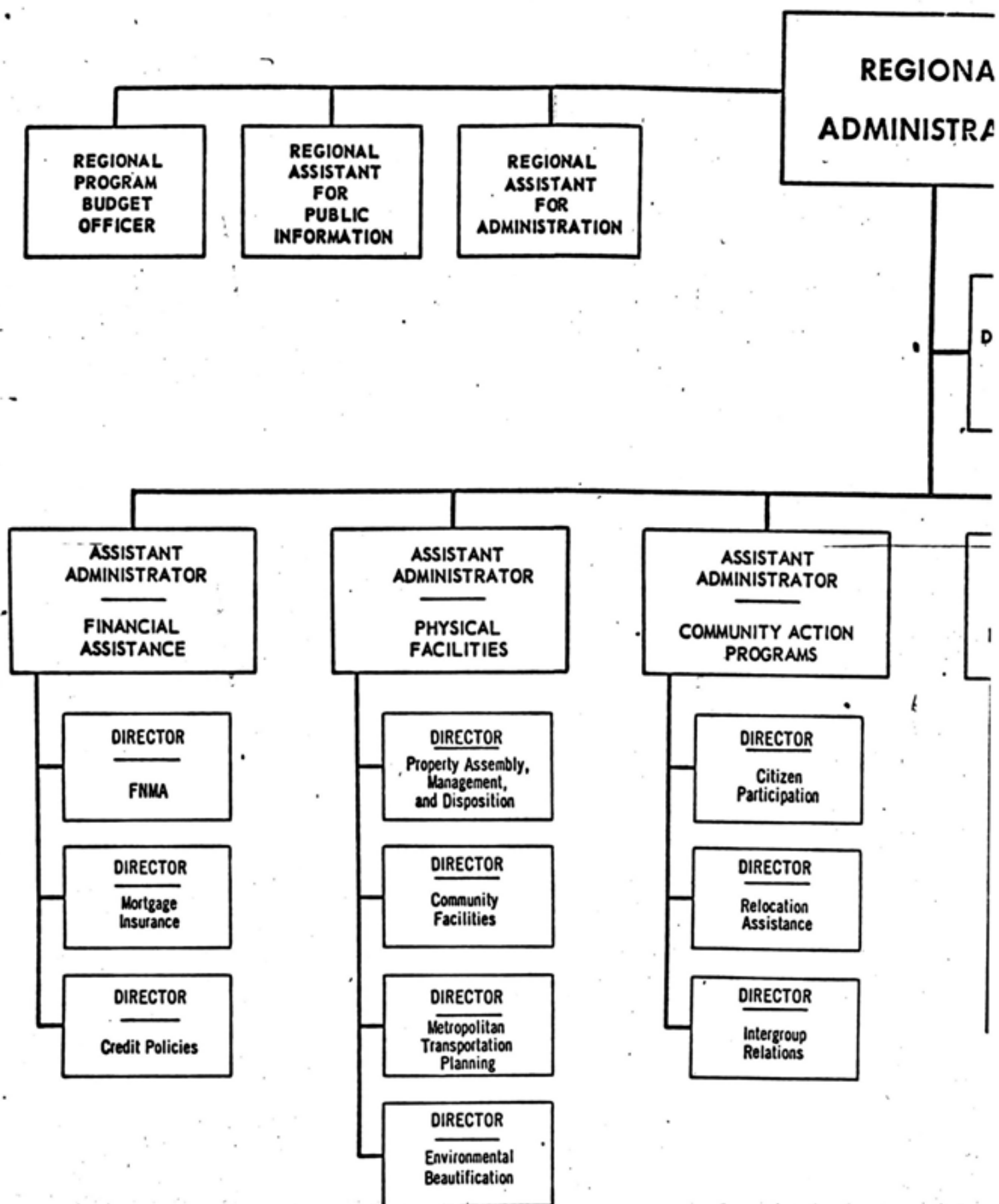
It will be kept in mind that other Federal programs will be in Departments or Agencies where decision making will not be as decentralized as is proposed here. Hence, Regional representatives of such Departments and Agencies will be referring coordination matters raised by the Assistant Regional Administrator to Washington for decision. It is important that this not be permitted to recentralize HUD functions in Washington and that HUD decisions are kept in the field.

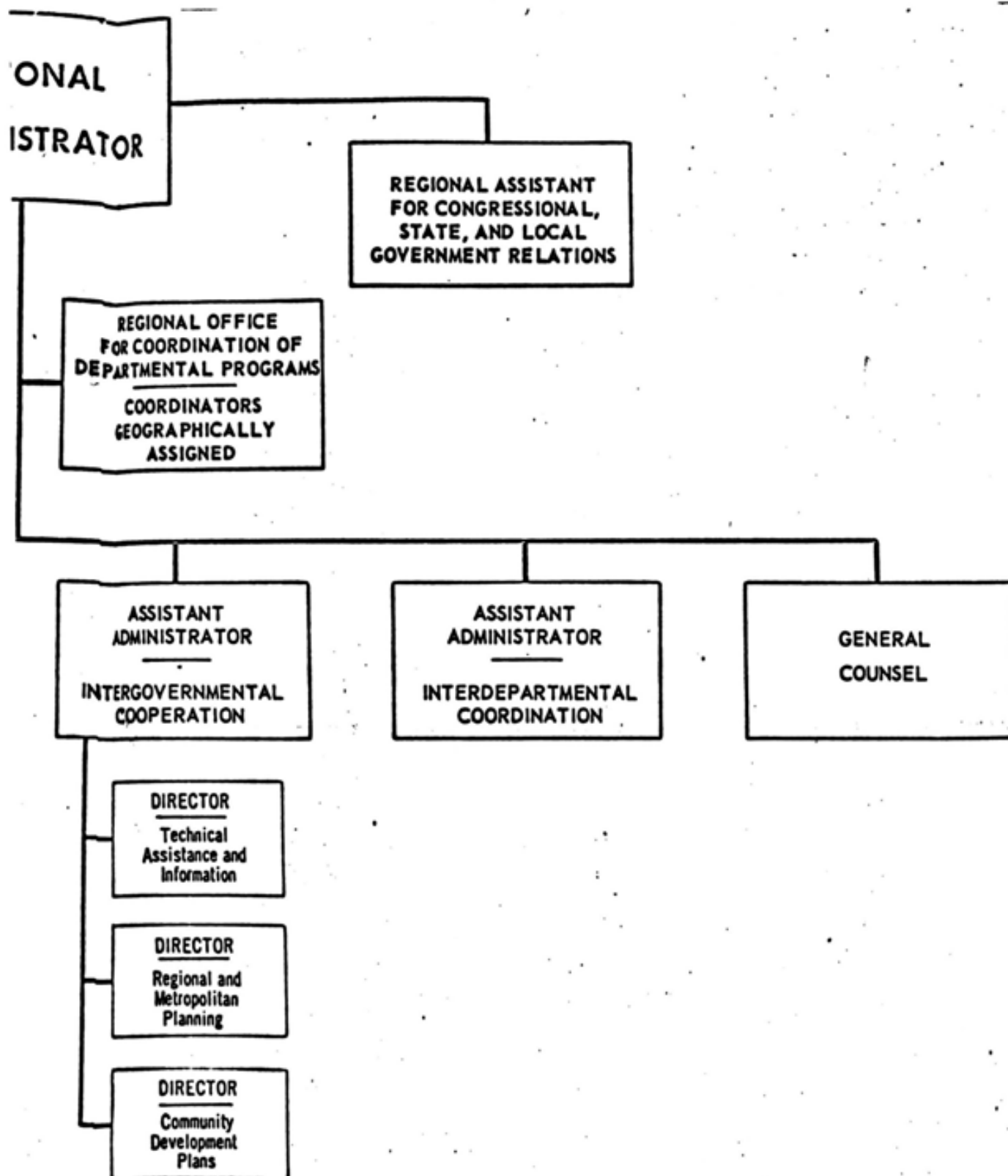


(1) This Assistant Secretary is also the FHA Commissioner as required by law.

(2) This is also the Federal Housing Administration as required by law.







WASHINGTON--ADD CONGRESS (20)

JOHNSON IS ALMOST CERTAIN TO SUGGEST A GROUPING OF EXISTING PROGRAMS SCATTERED ABOUT THE GOVERNMENT UNDER THE NEW DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SET UP BY CONGRESS. AS IT EXISTS NOW, THE DEPARTMENT HAS NO HEAD MAN AND MERELY OFFERS A NEW NAME AND CABINET RANK FOR THE HOUSING AND HOME FINANCE AGENCY. JOHNSON SAID WEEKS AGO THAT HE WOULD NOT APPOINT A CABINET MEMBER TO HEAD THE DEPARTMENT BEFORE JANUARY AT THE EARLIEST.

THE PRESIDENT IS ALSO REPORTED TO BE WRAPPING UP A NEW EDUCATION AID PACKAGE WHICH WOULD ELIMINATE SOME OF THE OVERLAPPING IN SEVEN INDIVIDUAL PROGRAMS WHICH REQUIRE CONGRESSIONAL ACTION NEXT YEAR IF THEY ARE TO BE CONTINUED.

THE WHITE HOUSE ALREADY HAS SAID THE PRESIDENT WILL ASK FOR ACTION ON CONSUMER LEGISLATION, SUCH AS TRUTH-IN-PACKAGING AND LABELING AS WELL AS TRUTH-IN-LENDING.

LEGISLATION FAVORED BY ORGANIZED LABOR, LEFT HANGING ON THE HOOK IN THIS YEAR'S SESSION, WILL GET FIRST CALL. BECAUSE HE ANTICIPATES A HOUSE-PASSED BILL TO OUTLAW STATE BANS ON THE UNION SHOP WILL STIR LENGTHY CONTROVERSY, HUMPHREY IS ADVISING MEMBERS OF CONGRESS NOT TO COUNT ON ANY EARLY ADJOURNMENT EVEN THOUGH IT IS ELECTION YEAR.

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CONGRESS

WASHINGTON (AP)-VICE PRESIDENT HUMPHREY EXPECTS CONGRESS TO CONCENTRATE NEXT YEAR ON TIGHTENING UP ON ALREADY ENACTED PROGRAMS RATHER THAN ON BREAKING NEW DOMESTIC GROUND.

HE HAS TOLD ASSOCIATES HE EXPECTS HIS HEAVIEST LEGISLATIVE ASSIGNMENT TO BE IN CONNECTION WITH A PROPOSED OVERHAUL OF THE FOREIGN AID PROGRAM.

ONE OF THE MAJOR CHANGES IN THIS FIELD MAY REQUIRE RECIPIENT COUNTRIES TO DEMONSTRATE THEIR WILLINGNESS TO INAUGURATE SELF-HELP PROJECTS AIMED AT BOLSTERING THEIR SAGGING ECONOMIES. PRESIDENT JOHNSON IS EXPECTED TO HOLD AID EXPENDITURES TO \$3.5 BILLION.

HUMPHREY HAS A DATE WITH THE PRESIDENT AFTER HE RETURNS FROM A SEVEN-DAY TRIP TO THE FAR EAST ON WHICH HE EMBARKS MONDAY. AMONG OTHER THINGS HE WILL SOUND OUT GOVERNMENT LEADERS IN JAPAN, THE PHILIPPINES, NATIONALIST CHINA AND SOUTH KOREA ON THE U.S. COURSE IN VIET NAM.

AFTER HE HAS REPORTED HIS FINDINGS TO THE PRESIDENT, HUMPHREY EXPECTS A BRIEFING ON WHAT WILL BE INVOLVED IN THE NEW YEAR IN HIS ROLE AS LIAISON MAN BETWEEN THE WHITE HOUSE AND CONGRESS.

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HARRY C MCPHERSON JR

THE WHITE HOUSE

HAVE REVIEWED FINAL DRAFT ORGANIZATIONAL CHART WITH EDGAR

F KAISER AND WE GIVE IT UNQUALIFIED APPROVAL.

REGARDS AND MERRY CHRISTMAS

NORM NICHOLSON.
X

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THE WHITE HOUSE
WASHINGTON

December 22, 1965

TO: JACK VALENTI

Here is the cities task force report,
and the proposed organization plan.

Harry C. McPherson, Jr.

Attachments

THE WHITE HOUSE
WASHINGTON

December 21, 1965

TO: JOE CALIFANO

Here is the cities task force report,
and the proposed organization plan.

Meeting tomorrow at 2:30.

Harry C. McPherson, Jr.

Attachments

THE WHITE HOUSE
WASHINGTON

December 21, 1965

TO: BILL ROSS, BOB

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Attachments

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WASHINGTON

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TO: Director Schultze

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DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

Proposed Plan of
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The Plan of Organization Charts

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Proposed
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Consideration was also given to a part "functional", part "divisional" organization in which certain Assistant Secretaries would have line responsibilities reaching into the field operationally along functional lines, while other Assistant Secretaries would have staff responsibilities only. Such an organization has been discarded as depriving the Secretary of necessary staff at the Assistant Secretary level. In addition, such an organization would blur lines of command in that the Regional Administrator, and those under him, would receive directives from more than one source.

The proposed Plan accepts unqualifiedly the concept of a strong regional organization with a direct line of command running

from the Regional Administrator to the Secretary through the Under Secretary. This is most consistent with a strong unified Department with ultimate power and responsibility resting clearly in the Secretary. It will relieve headquarters units generally of responsibility for day to day operations and provide the time and responsibility for vital staff functions. Moreover, as will appear, such an organization will put the answers into the field where they belong.

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Day to day operations will be unified under a number of Regional Administrators. The Regional Administrator will be responsible for the effective administration of Departmental policies, functions and programs in his region.

The Regional Administrator should be well paid and competent. He should have understanding of and sympathy with the programs and policies entrusted to him, and should have proved administrative ability. He reports to the Secretary through the Under Secretary. (See p. 9)

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Even more important, however, will be the effect of staff consolidations in breaking down now obsolete loyalties to narrowly defined existing programs. It will become clear to Departmental staff that their personal horizons have been broadened rather than endangered by the basic reorganization recommended.

B. Transfer and Coordination of Federal Programs

The transfer of a program or a function into the Department is not recommended unless control (as distinguished from coordination) is viewed as being important to the achievement of the Department's mission. Where such a program or function is severable, only that part is transferred into the Department as relates directly to the Department's mission. The transfer out is recommended on the basis of reverse criteria. From time to time, other Federal programs and functions should be reviewed to see whether they should be transferred into HUD, including a careful analysis of the many components of the Civil Rights programs.

Since a Plan of Organization must follow substantive programs and functions, decisions on the recommendations will shape the form of the organization.

1. Transfers into the Department

- (a) Community Action Programs. We must recognize that the social problems of the cities have led to turmoil, strife and great dangers. Many of these problems are inextricably tied to the physical environment. In the judgment of the Task Force, they should be treated together.

Community Action Programs of the Office of Equal Opportunity deal directly with the social environment of the City. Such programs could and would add important "human" dimensions to a Department that would otherwise be pre-occupied with the physical environment alone. Moreover, the Department with its funds, programs and new status would lend needed strength to the Community Action Programs. This would tend to make them more successful and meaningful and to give them essential continuity.

It is believed that the OEO programs must soon find permanent homes in Executive Departments. A number already have. In the judgment of the Task Force the Community Action Programs are vital to the performance of the new Department's total responsibilities and should be transferred to it.

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is positive and necessary to the performance and long range success of CAP and to make our cities truly livable.*

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This is more suitably assigned to HEW.

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It is therefore recommended that the policy determination of whether and where such roads should be located in the metropolitan area should be a responsibility of HUD. The Bureau of Public Roads would retain all construction and engineering responsibilities, as well as the funds.

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While it is recommended that other Departments have, and should continue to have, responsibilities in these areas, planning responsibilities with respect to metropolitan clean air, clean water and solid waste disposal should be discharged by HUD.

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All other Federal activities affecting housing and urban development shall be coordinated under the leadership of the Secretary of HUD at the direction of the President. This shall be done through a Council on Interdepartmental Coordination. The President will no doubt wish promptly to issue an appropriate directive to the Secretary of HUD and to the Secretaries and Heads of other affected departments and agencies. It would be appropriate for the directive to stress the importance of responsible Departmental and Agency participation and to require a section on coordination of such activities to be included in the Secretary's annual report.

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1. The Secretary, as Head of the Department, has all of the ultimate responsibility and power that that implies. The proposed organization is designed to enable him to be the Head of the Department in fact, as well as in name.
2. Attached to the Secretary's office is a cluster of general Staff functions: General Counsel, Office of Congressional Relations; Office of Public Information, and Assistant Secretary for Administration. The Office of Congressional Relations should be an effective vehicle for translating Departmental policies and programs into meaningful Congressional and Legislative terms.

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As already stated, it is proposed to establish a Council on Interdepartmental Coordination to enable the Secretary to carry out his leadership responsibilities in coordinating Federal activities

affecting housing and urban development. The proposed Council will be principally at the Secretarial level and will consist of: Chairman: Secretary, Department of HUD; Members: Secretaries of Defense, Interior, Commerce, Labor, and Health, Education and Welfare. The Council should also include the Heads of the FAA, GSA and HLBB.

The Director of the Office of Economic Opportunity is not included since it is proposed to transfer the Community Action Program to HUD. If this should not be accomplished, the Director should be on the Council.

The Director of Urban Program Coordination (established by the law) shall head the Secretariat of the Council.

C. The Under Secretary

1. The Under Secretary, subject to the direction of the Secretary, is the Chief Operating Officer of the Department. All Regional Administrators will report to him and he will be responsible to the Secretary for the achievement and coordination of policies, functions and programs that are operational. Through the field forces, the Under Secretary must be responsible for the coordination of HUD programs and coordination between HUD programs and the programs of other Federal, State and Local agencies in the field. Although the certification and annual recertification of basic plans, including workable programs, will be decentralized to the Regional Administrator, the Under Secretary will have supervisory responsibilities with respect to this important control.
2. Because of the inherent nature of a "one over one" type of organization, the Secretary should have a significant voice in the selection of the Under Secretary.

D. The Deputy Under Secretary

1. The Deputy Under Secretary shall be responsible for policy formulation, special demonstration projects and program evaluation. Since these responsibilities are vital both to future and existing programs, and since these responsibilities relate to the functions and programs of the entire Department, it is felt that they should be lodged in one who is not on an organizational level with the Assistant Secretaries. The Deputy

Under Secretary should, if possible, be paid as much or slightly more than the Assistant Secretaries and should be appointed by the Secretary after being personally satisfied of his fitness and qualifications for the position.

2. Reporting to the Deputy Under Secretary shall be the Committee on Research which shall consist of the three Directors of Research who head the three Research Offices. The Committee on Research is primarily a research coordinating group. (See p. 9) The Institute for Urban Development will also report to the Deputy Under Secretary.

E. The Assistant Secretaries

The Assistant Secretaries, together with the Deputy Under Secretary, should, together, constitute a strong, dynamic staff group. For the reasons stated in Article I, the Plan of Organization confers no line responsibility upon them. Within the programs and responsibilities delegated to them, or specially assigned by the Secretary, there is no aspect of the Secretary's broad policy making responsibilities which should be immune to their searching inquiry. Ideally, they should be regarded as a unified staff with close professional relationships under the leadership of the Secretary. If at all possible, the Secretary should have a significant voice in their appointment.

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2. Assistant Secretary - Physical Facilities. Under this Assistant Secretary have been clustered staff responsibility for those programs and functions relating primarily to physical environment, including large scale subdivisions and new developments. Sheet 1 of the Plan of Organization sets out the details.

3. Assistant Secretary - Community Action Programs. This Assistant Secretary has staff responsibility for all Community Action Programs (proposed to be transferred from the Office of Economic Opportunity). Because the problem of Civil Rights is central to the reconstruction of cities, the Assistant Secretary must give it special attention and close liaison with agencies and units charged with responsibility in this area. There is also the Office of Intergroup Relations and the Office of Relocation Assistance.
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5. Research. A separate Office of Research has been established under each of the first three Assistant Secretaries. It is believed that the functions and programs of these three Assistant Secretaries are sufficiently disparate so that it will not be duplicitous to have three such offices. Indeed, it would be inevitable for the three Assistant Secretaries to have their own Research Assistants, whether expressly so designated or not. However, to insure coordination between such offices, and to make certain that such facilities as a research library, for example, exist in common, the Directors of these three offices are brought together as a Committee on Research directly under the Deputy Under Secretary.

III.

The Plan of Organization - Field

A. The Regional Administrator

1. The Regional Administrator reports to the Secretary through the Under Secretary. He is, therefore, the Chief Operating Officer for the Region. All policies, programs and functions of the Department that are operational in his Region are unified under him. This would also include special demonstration projects.
2. Clustered under him are such positions as Regional Program Budget Officer; Regional Assistant for Public Information, and Regional Assistant for Administration.

3. The ideal Regional Administrator will maintain close and effective relationships with Senators, Members of Congress, and State and Local Government officials from his Region. It would be expected that by virtue of his character and ability and the delegation of power to him, he would be able to take responsible action in the great preponderance of instances without resort to Washington.
4. Under a divisional Plan of Organization, the operational success of the Department will depend principally upon the quality of the Regional Administrator. He should be well paid and carefully selected on the basis of high qualification standards. His appointment should be at the discretion of the Secretary and excepted from career service classification in order to permit the Secretary maximum flexibility in selecting the most outstanding candidates from within as well as without the federal service. The policy formulations at Headquarters should of course be sufficiently detailed so as to insure relatively uniform application nationally. However, uniformity should not be obtained at the expense of the judgment and discretion of the Regional Administrator. It will be the responsibility of the Secretary to make certain that the natural inclination of Headquarters Staff to control operations through overly-detailed policy formulations is not given such scope as to deny to the Regional Administrator the responsibility and opportunity to exercise judgment and discretion.
5. Considerable authority will be vested in him through the power which he should possess to certify and annually to recertify basic plans, including workable programs. His exercise of this power is of course subject to policies to be given him and to the supervisory responsibility of the Under Secretary.

B. Regional Office for Coordination of Departmental Programs (Coordinators Geographically Assigned)

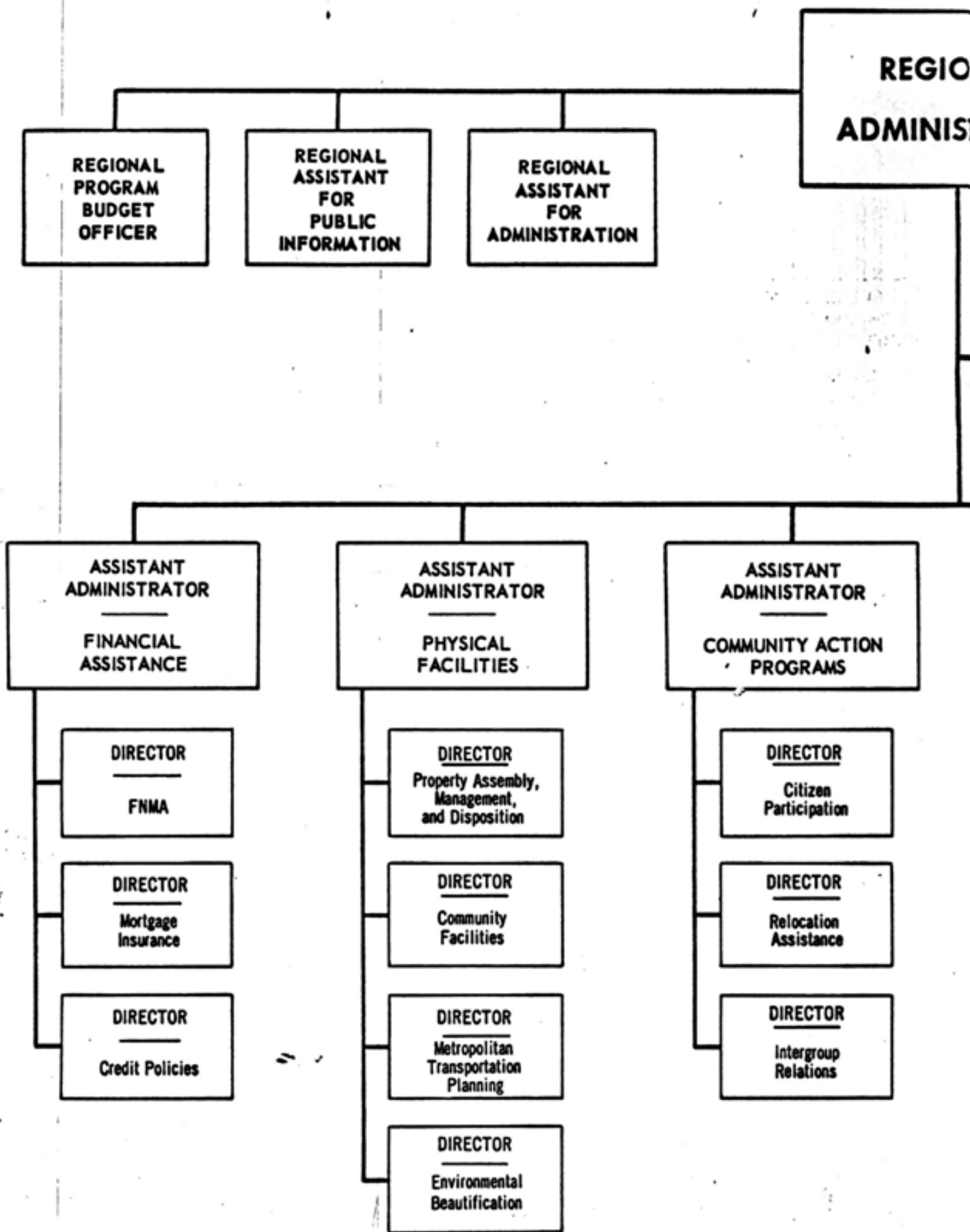
Attached to the Regional Administrator is the Office for Coordination of Departmental Programs, with the Coordinators being geographically assigned. Every local community having a HUD program will be served by a Regional Coordinator. He is the point of contact between the Regional Office and the metropolitan area, including the local communities within the metropolitan area. From the drawing up of required plans, to the preparation of applications, to expediting their review by the Regional Office Staff, to checking on the execution of projects, the Coordinator advises, guides and stimulates the local community into taking advantage of Federal urban programs. At the same time, he assists these communities in meeting requirements for such Federal aid.

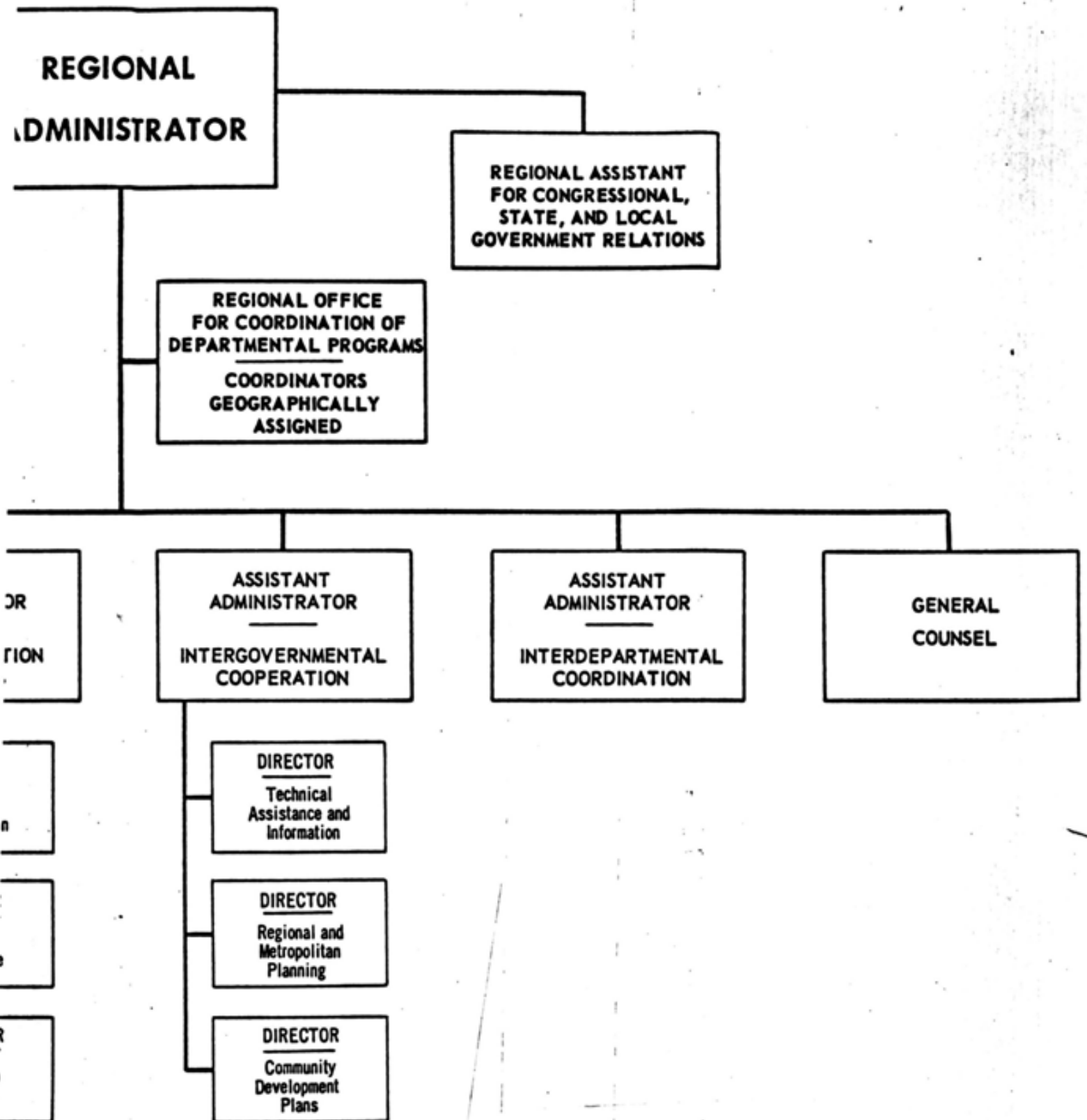
Although based physically in the Regional Office, the Coordinator will spend a good deal of time in the metropolitan area or areas he serves.

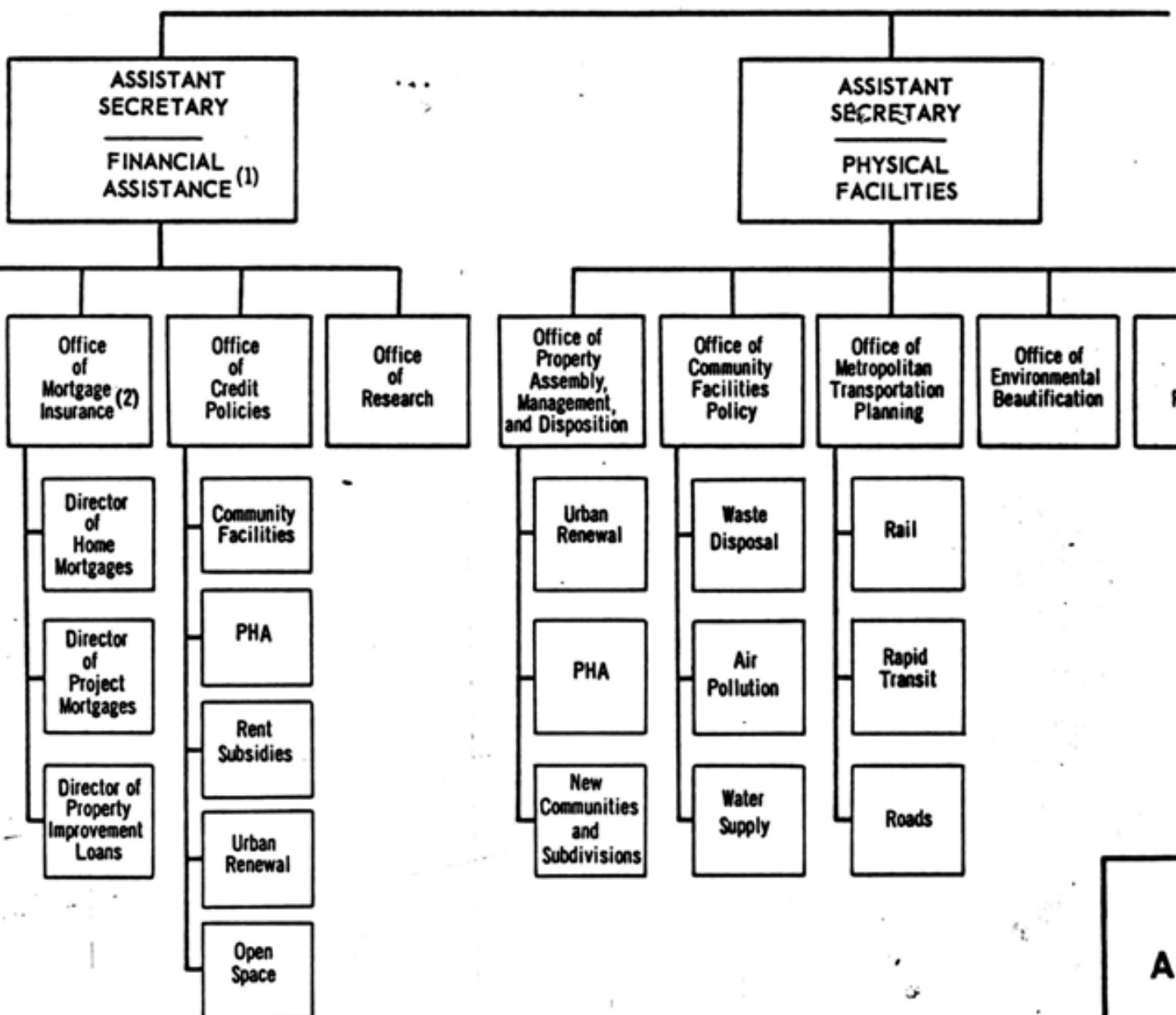
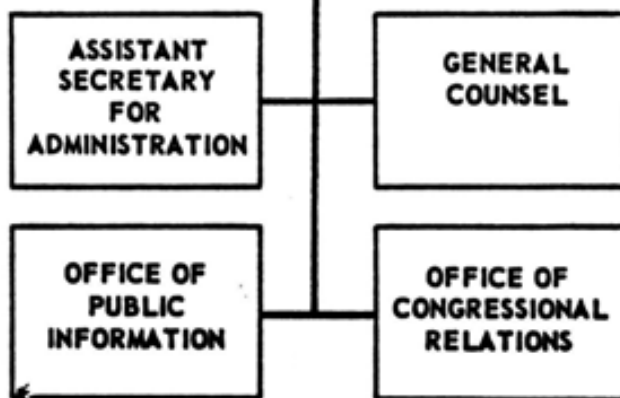
C. Assistant Administrators

Four of these Assistant Administrators are the program and operational counterparts of the four Assistant Secretaries. The fifth Assistant Administrator carries out in the field the interdepartmental coordination functions discharged at Headquarters by the Council on Interdepartmental Coordination. He undoubtedly will be assisted in this by the Director of Urban Program Coordination, who heads the Secretariat to the Council.

It will be kept in mind that other Federal programs will be in Departments or Agencies where decision making will not be as decentralized as is proposed here. Hence, Regional representatives of such Departments and Agencies will be referring coordination matters raised by the Assistant Regional Administrator to Washington for decision. It is important that this not be permitted to recentralize HUD functions in Washington and that HUD decisions are kept in the field.

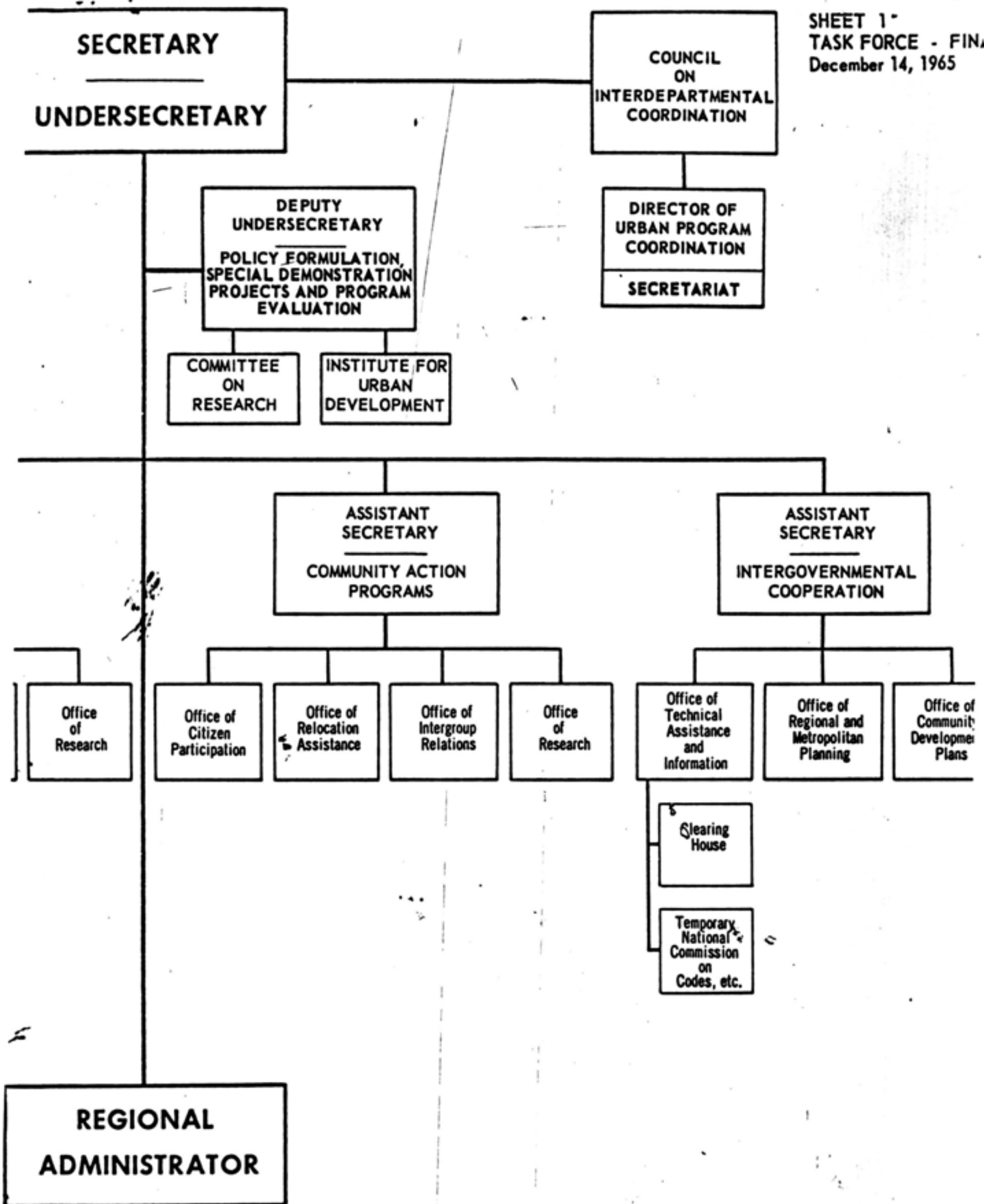






(1) This Assistant Secretary is also the FHA Commissioner as required by law.

(2) This is also the Federal Housing Administration as required by law.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Proposed Plan of Organization

ADMINISTRATIVE

CONFIDENTIAL

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TASK FORCE - FINAL

December 14, 1965

Prefatory Note

The Proposed Plan of Organization submitted herewith is the Task Force Subcommittee draft of November 26, revised to meet the views of the Task Force as expressed at the Washington meetings of November 26 and 27, December 4, and December 12.

Proposed
Plan of Organization
for the
Department of Housing and Urban Development

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Proposed
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Department of Housing and Urban Development

I.

Conclusions and Recommendations

A. The Organization

1. Basic Objectives

The establishment of a new Department provides an unique opportunity to create an organizational structure specially designed to enable the Department to fulfill its basic tasks and mission.

The organization of the Department of Housing and Urban Development must be shaped to give the best possible administration to the specific programs entrusted to the Department, and to be resilient enough to flex and grow as new programs are confided to it, or old ones expanded and modified.

The Organization Plan must enable the Department to provide for full and unified consideration of the needs and interests of the Nation's communities and of the people who live and work in them. Among other things, this means that it must recognize the integral relationship of the physical and social environments. At the same time, the Organization Plan must enable the Department to assist the President in achieving that essential coordination of Federal activities which materially affect urban, suburban and metropolitan development. The form of organization must be creatively fashioned to be hospitable to inter-governmental cooperation and to local and private action helpful in solving problems of housing, urban development and mass transportation, and, of course, the form of organization must be such as to encourage a vigorous private homebuilding and mortgage lending industry.

The attainment of these objectives will require a reshaping of existing administrative patterns.

2. The Secretary

The proposed organization establishes a "strong" Secretary exercising unified control over his Department. He is provided with a strong staff structure which should enable him to perform effectively all essential management functions, including such vital ones as policy formulation and control, program evaluation, development of standards and procedures, budgetary control and research.

In view of the importance of the Under Secretary and the Assistant Secretaries, it would assist in attaining the objective of unified control if the Secretary were given a significant voice in the making of these appointments.

3. Headquarters Structure

Careful consideration has been given to the respective merits of a "functional", as contrasted with a "divisional" (regional) type of organization. In the first, authority runs along functional lines from several headquarters chiefs to their program counterparts in the field. Such an organization is reminiscent of operations under HHFA. In the divisional organization, headquarters units would be utilized primarily as staff with responsibilities which would include policy formulation, program evaluation, development of standards and procedures, budgetary controls and research. Responsibility for the day to day carrying out of programs and policies would be vested in strong Regional Administrators reporting directly to the Secretary through the Under Secretary.

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2. Clustered under him are such positions as Regional Program Budget Officer; Regional Assistant for Public Information, and Regional Assistant for Administration.

3. The ideal Regional Administrator will maintain close and effective relationships with Senators, Members of Congress, and State and Local Government officials from his Region. It would be expected that by virtue of his character and ability and the delegation of power to him, he would be able to take responsible action in the great preponderance of instances without resort to Washington.
4. Under a divisional Plan of Organization, the operational success of the Department will depend principally upon the quality of the Regional Administrator. He should be well paid and carefully selected on the basis of high qualification standards. His appointment should be at the discretion of the Secretary and excepted from career service classification in order to permit the Secretary maximum flexibility in selecting the most outstanding candidates from within as well as without the federal service. The policy formulations at Headquarters should of course be sufficiently detailed so as to insure relatively uniform application nationally. However, uniformity should not be obtained at the expense of the judgment and discretion of the Regional Administrator. It will be the responsibility of the Secretary to make certain that the natural inclination of Headquarters Staff to control operations through overly-detailed policy formulations is not given such scope as to deny to the Regional Administrator the responsibility and opportunity to exercise judgment and discretion.
5. Considerable authority will be vested in him through the power which he should possess to certify and annually to recertify basic plans, including workable programs. His exercise of this power is of course subject to policies to be given him and to the supervisory responsibility of the Under Secretary.

B. Regional Office for Coordination of Departmental Programs (Coordinators Geographically Assigned)

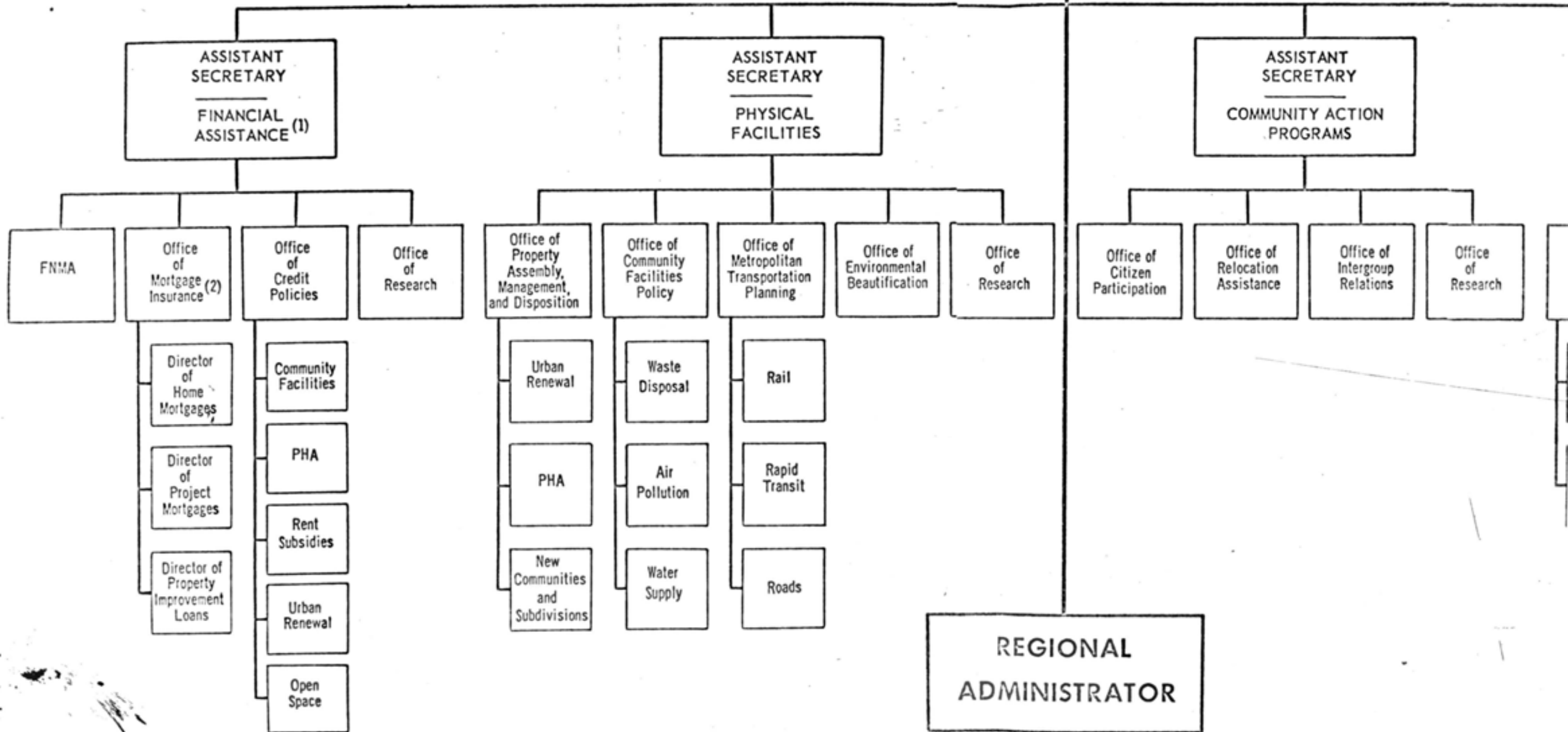
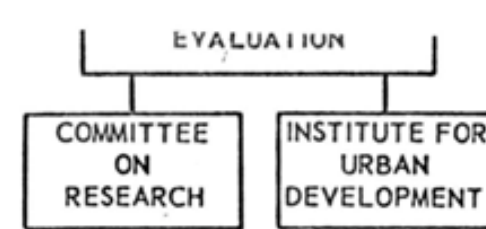
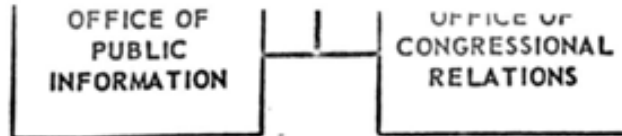
Attached to the Regional Administrator is the Office for Coordination of Departmental Programs, with the Coordinators being geographically assigned. Every local community having a HUD program will be served by a Regional Coordinator. He is the point of contact between the Regional Office and the metropolitan area, including the local communities within the metropolitan area. From the drawing up of required plans, to the preparation of applications, to expediting their review by the Regional Office Staff, to checking on the execution of projects, the Coordinator advises, guides and stimulates the local community into taking advantage of Federal urban programs. At the same time, he assists these communities in meeting requirements for such Federal aid.

Although based physically in the Regional Office, the Coordinator will spend a good deal of time in the metropolitan area or areas he serves.

C. Assistant Administrators

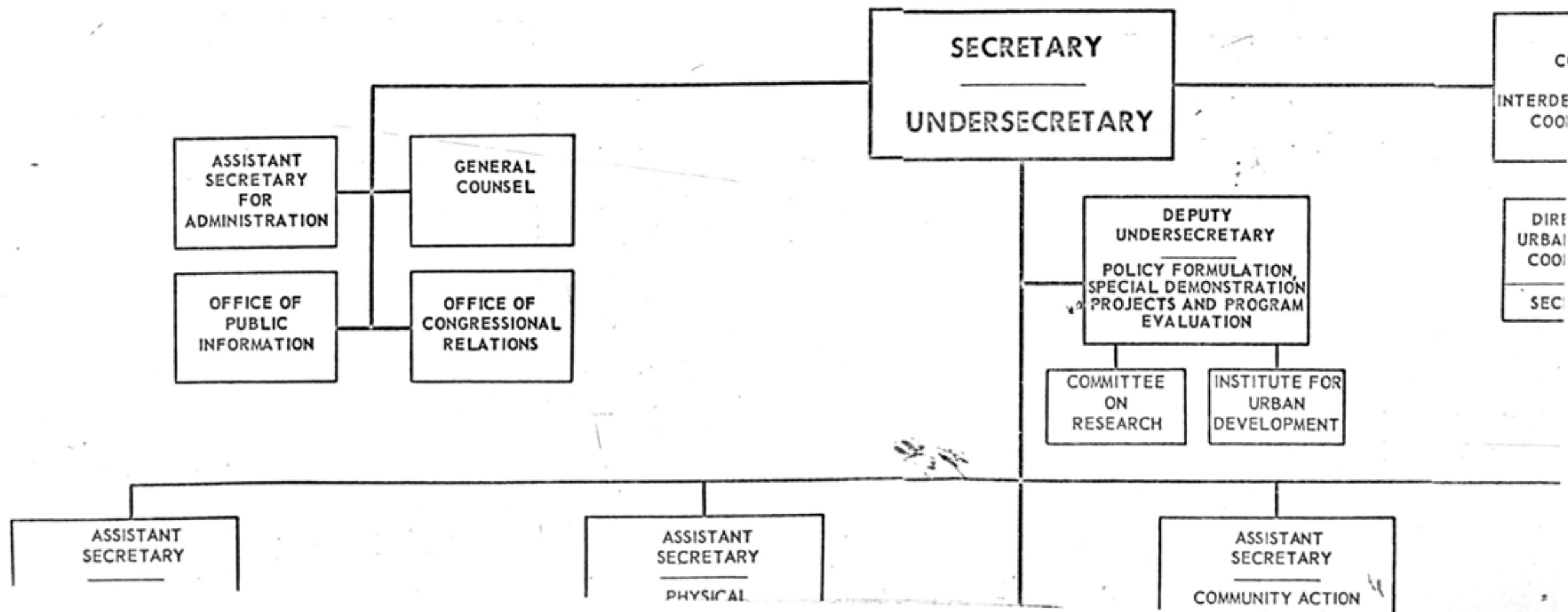
Four of these Assistant Administrators are the program and operational counterparts of the four Assistant Secretaries. The fifth Assistant Administrator carries out in the field the interdepartmental coordination functions discharged at Headquarters by the Council on Interdepartmental Coordination. He undoubtedly will be assisted in this by the Director of Urban Program Coordination, who heads the Secretariat to the Council.

It will be kept in mind that other Federal programs will be in Departments or Agencies where decision making will not be as decentralized as is proposed here. Hence, Regional representatives of such Departments and Agencies will be referring coordination matters raised by the Assistant Regional Administrator to Washington for decision. It is important that this not be permitted to recentralize HUD functions in Washington and that HUD decisions are kept in the field.



(1) This Assistant Secretary is also the FHA Commissioner as required by law.

(2) This is also the Federal Housing Administration as required by law.



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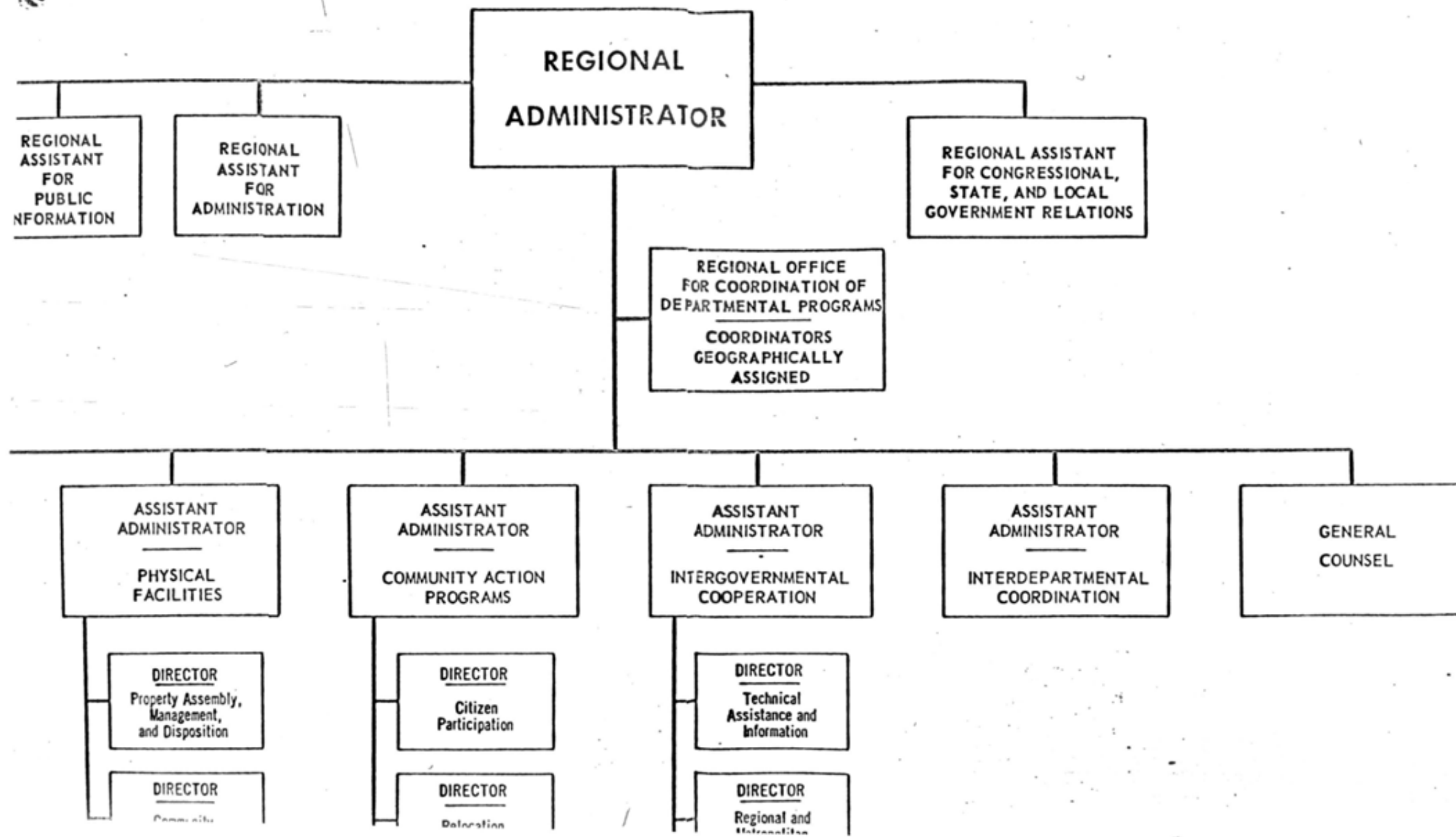
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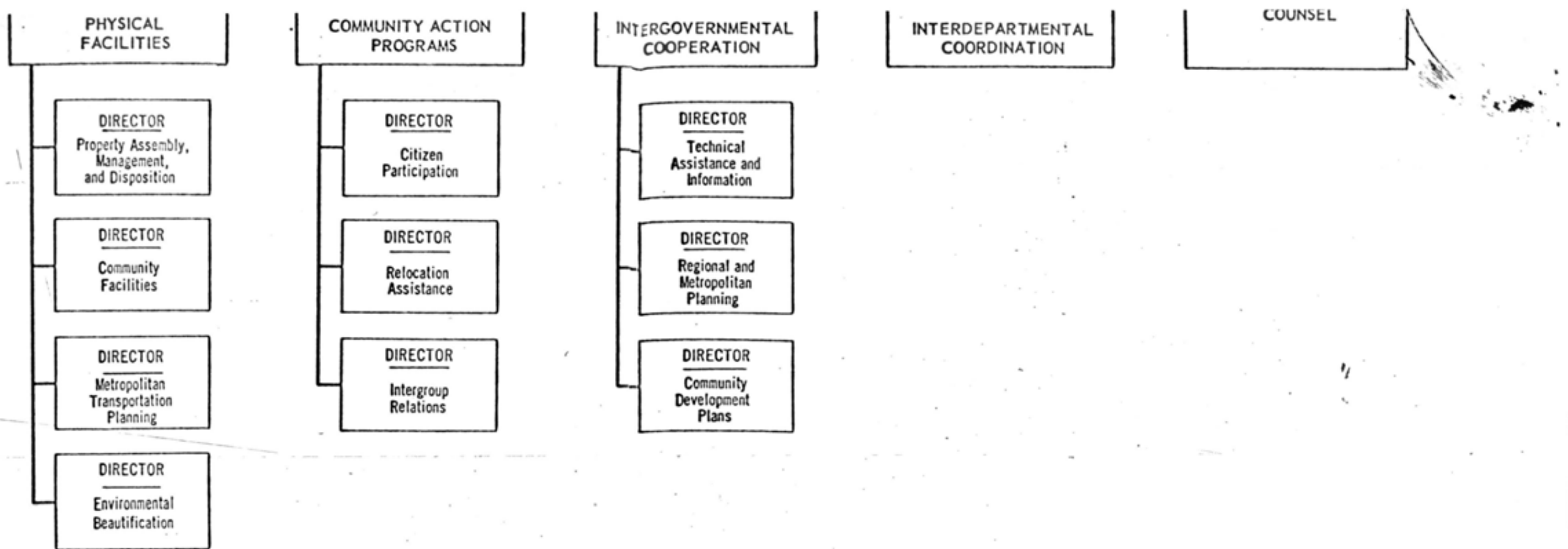
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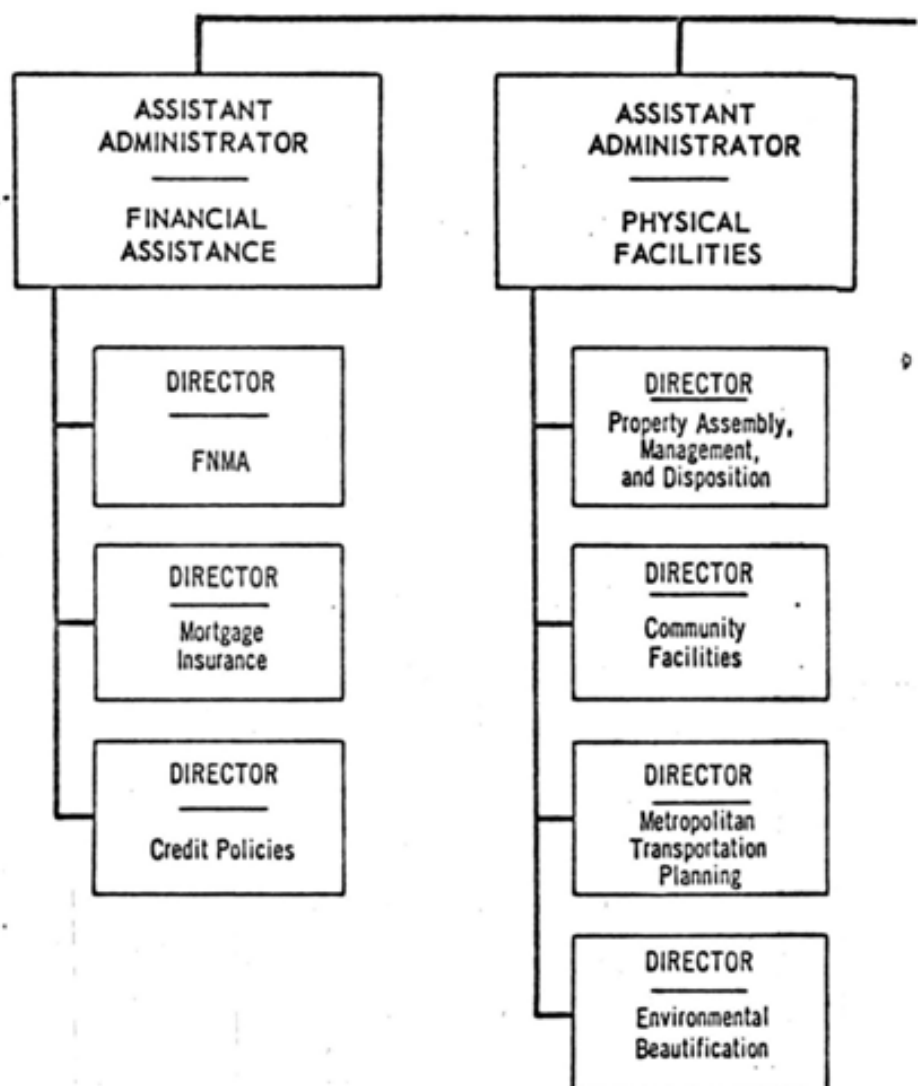
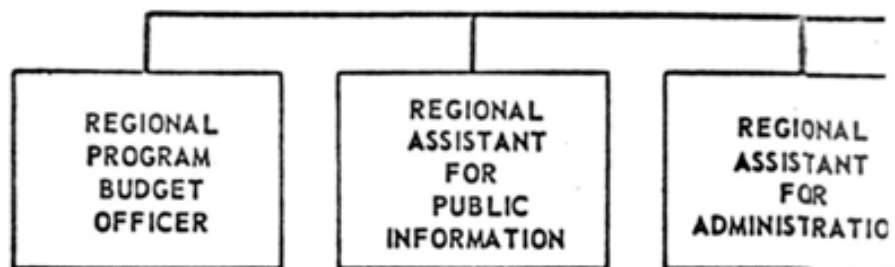
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Thursday, December 23, 1965
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FOR THE PRESIDENT

Cities Report

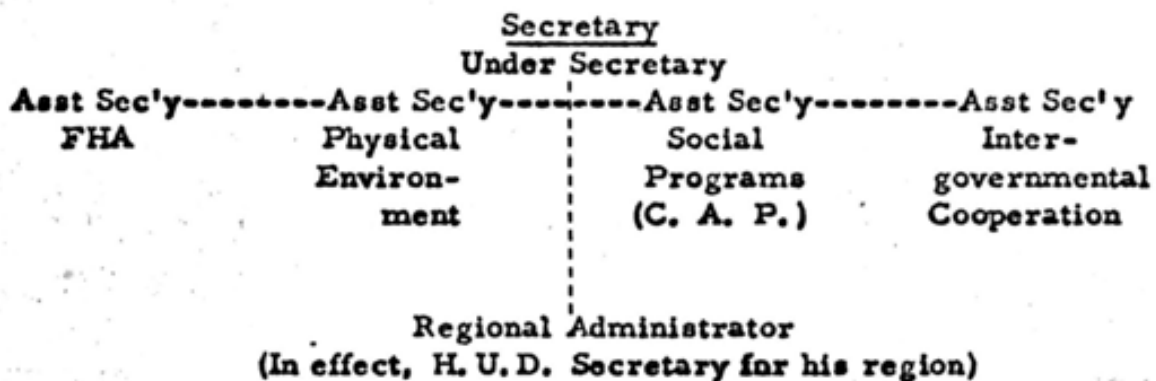
I. Organization of H. U. D.

H. U. D. should be more than a glorified HHFA. If it is to be that, its structure in Washington and the field must reflect social as well as building purposes.

The proposed organization would vest operating authority in the Secretary and Under Secretary, and thence down to Regional Administrators.

The four Assistant Secretaries, including the FHA man, would be staff to the Secretary. They would not have direct line authority to their components in the field.

In brief the chart is:



II. Other urban programs:

Congress wants H. U. D. to examine other programs in government that ought to be brought into the new department.

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