

11/4/65

EXHIBIT

FG 11-8-1 / Bill Moyers

FG 170

Memo to the President from Bill Moyers  
dated November 4, 1965 re Dept. of Housing and  
Urban Affairs filed in Dorothy Territo's Office  
in Bill Moyers Folder.

11-6-65  
9:10a

MEMORANDUM

EXECUTIVE 2 (3)

THE WHITE HOUSE  
WASHINGTON

FG170  
LG  
SC  
FG11-9

*[Handwritten initials]*

Thursday, November 4, 1965  
8:30 a. m.

MEMORANDUM FOR  
THE PRESIDENT

Science and technology have a potential role to play in a substantial number of the problems which affect the livability of our cities. Just to name a few of these problems, one could mention atmospheric and water pollution, transportation of people and goods within cities and between cities, housing and construction, storm drainage and water supply. Some of these problems have been studied piecemeal and on a small scale, but have never been really pulled together for lack of an appropriate focus for doing so.

Now that the Department of Housing and Urban Affairs has come into being, it seems to me to be an opportune time to assure that the new Secretary is properly equipped to face these problems. I would suggest that it might be helpful to him to have a science advisor on his staff who could assist him with these problems at the earliest possible stage, before the new Department's plans, programs, and organization are completely jelled. If you so desire, I would be glad to assist in locating appropriate candidates for such a position and in providing any further assistance I can in getting on with the job.

*Donald F. Hornig*  
Donald F. Hornig

gab

BROUGHT FORWARD

EXECUTIVE  
76170 11-5-65  
Previously filed Date

NAME Memo to Mr. Callahan from  
ORGANIZATION Dir. of Budget Bureau  
re organization of new  
Housing Dept.

Same 2-24-66  
New File Symbol Date

FINAL ACTION A Memo. to All  
Employees from the  
Secretary of H.U.D.

12  
EXECUTIVE

FG 245

PR 8-3

FG 170

STATEMENT BY ROBERT C. WEAVER, ADMINISTRATOR

HOUSING AND HOME FINANCE AGENCY

AT A PRESS CONFERENCE, 3:00 PM

MONDAY, NOVEMBER 8, 1965

11/24/65

Mr. Nash:

Please make  
15 copies of  
The attached  
and ten please  
send it on in  
the enclosed

16 copies of  
16 copies of  
16 copies of

envelope - BY  
MESSENGER - TONIGHT  
(1 copy to Mr. [unclear] office)

R. J. Fuli

*This is the basic paper - now being revised.*

EXECUTIVE

FG170

Functions of the Department of Housing and Urban Development  
(Preliminary Statement)

In considering the organization of the Department of Housing and Urban Development, it is necessary to take into account the new responsibilities inherent in the creation of the new Department as well as those it inherited by the transfer of existing functions of the Housing and Home Finance Agency. Although there is no clear-cut division here, it is necessary, for the sake of clarity, to spell out the former functions. This can best be done by setting forth the philosophical basis for the new activities and describing certain specific problems and issues that will be involved.

The two position papers attached recommend plans of reorganization. Since most of the major administrative problems of the new Department result from existing programs of housing and urban development, Position Paper I refers primarily to a rearrangement <sup>and augmentation</sup> of the program operating staffs in Washington and in the regions. Position Paper II relates to a new function which departmental status occasions. But neither of these position papers deals adequately with the scope and image of the Department of Housing and Urban Development. <sup>9)</sup> The purpose of this preliminary statement is to suggest, among other things, a sound <sup>conceptual</sup> ~~substantive~~ basis for organizing the Department. Thus it deals with functions and objectives, as well as methods, rather than organizational arrangements. This basis must be formulated, even though it - as a sound comprehensive <sup>city or metropolitan</sup> plan - can never be a static concept. But it should provide a set of

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principles and objectives that are pursued. Again, like a plan, the concept and the functions of the Department will become meaningless unless machinery and programs are developed to carry them out.

It is because we have problems of urbanization that the Department was created. Thus, the Department must be concerned with identifying, analyzing, and dealing with these problems. This does not mean, however, that the Federal Government can solve all -- or even any -- of these problems directly or alone. Nor does it require that all Federal action affecting problems of urbanization can or should be concentrated in the new Department. A basic issue, therefore, is the scope of the Department of Housing and Urban Development.

Although there is general recognition of the continuing need for more knowledge in the field of urbanization among students of the problem, much of the popular ~~(and more widely read or listened to)~~ ~~comment fails to recognize that greater expenditures alone will not suffice.~~ We need to learn how to attack a host of human problems, how to upgrade the technology of home building, how to design and construct urban mass transit systems that are economically feasible and responsive to human needs (perhaps with greater subsidies than now are contemplated), how to become the master rather than the servant of the automobile. We need to evolve and adopt an urban land policy. We need to identify problems which are common to central cities and suburbs, demonstrating how parochialism on the part of either in

such matters damages both. There are also unsolved problems of local governmental organization which ~~is~~ will dilute the efficacy of Federal financial assistance to urban and urbanizing areas.

Related to the above - indeed basic to the latter issue - is the three level structure of our system of government. Failure to recognize this situation can but vitiate the President's concept of "creative federalism" at the same time that it engenders extreme political opposition to progressive action. And that opposition will appear at every level of government.

The new Department will come into being at a time when the conflict between state and large city governments still exists and when the interests of the central cities and the suburbs which surround them are frequently divergent. Any realistic plan of action must direct its thrust toward dealing with these two facts of life. To entertain the notion of direct federal activity at the local level would not only destroy any possibility of achieving creative federalism but also compound the conflicts described above.

Perhaps the most difficult problem incident to the new Department is centered at the Federal level; certainly it is a most immediate issue. It follows from the fact that many departments and agencies

At the same time, Federal influence can encourage state, city, and metropolitan actions necessary to achieve national as well as local goals and objectives.

in Washington operate programs which in whole or in part impinge upon urban America. Some should and can be transferred to the new Department. Others, largely because of opposition of congressional committees and bureaucratic vested interests, will be difficult or impossible to dislodge from their present bureaucratic homes. Still others are more appropriately located outside the new Department, because their major purpose is central to some other department or agency, because of technology, or because of the nature of their geographic impact.

Thus three things are needed:

- 1) a determination of those functions which can be transferred and a proposed schedule for action;
- 2) development of techniques to effect such transfers *degree of disruption with the minimum*;
- 3) development of techniques for the coordination of a large number of Federal programs both within and outside HUD.

In delineating the role of the Department of Housing and Urban Development it must be clearly enunciated and reiterated that the President is appointing more than a "Secretary for Cities", as the New York Herald Tribune inaccurately characterized the 11th member of the Cabinet (Nov. 6, 1965 editorial). Not only does such nomenclature fail to reflect accurately the Department's great concern for the

urbanizing areas of the country, but it also artificially, and unfortunately, leaves the impression that urban problems and city problems are one and the same, that the suburbs have no urban problems, and that the Federal Government has no concern for the process of urbanization that is taking place in and beyond the suburbs.

~~At the same time~~ the programs and the organization of HUD must be such as to reflect the Administration's continuing major concern for the central cities. In an effort to emphasize metropolitan approaches to urban problems we cannot afford to neglect or further disadvantage the cities. Indeed the challenge is to foster metropolitanism at the same time that the central cities continue to identify with the Department and continue to feel that it is oriented to their problems (although this is not an exclusive orientation).

There should be initially also a reiteration of the President's concept of creative federalism. This will serve several purposes. First it will reaffirm the Administration's recognition of the role of the state and local governments in local affairs. At the same time it will provide a setting in which attention can again be directed to the importance - indeed the necessity - of state action in geographic areas involved in urbanization where there is no existing effective local governmental organization. Also, creative federalism would call for more effective county governments in rapidly urbanizing areas.

Care should be taken, however, to avoid an implication that either states or counties are to be the instrumentalities for starving the central cities or merely another layer of bureaucracy, contributing little or nothing to the programs involved. In this connection, the new Department must continue to deal directly with the cities in ~~con-~~  
*relation to*  
~~nection with~~ problems which are peculiar to them - matters such as urban renewal, urban neighborhood facilities, and open space in built-up areas. No less important, creative federalism recognizes and articulates the fact that Federal financial assistance cannot and will not carry the major financial burden for urban government.

Washington will be an active partner, ~~and~~ and through carefully developed block grants which, while not structured to projects or restricted to a given program, will be for vital activities which can be *the Federal Government can further meet the needs of urbanization,* identified and are now either neglected or underfunded. In this connection, certain services will be identified as those which have peculiar incidence and are amenable to central city approaches alone. Where there are problems, such as zoning and building codes, air pollution, and the like, which cut across city and suburban lines, block grants can serve as an instrument for effecting metropolitan approaches to certain metropolitan problems. This would be achieved by limiting such Federal assistance to area-wide programs. (We are already doing this successfully in urban mass transportation and our paper on planning, submitted to the Bureau of the Budget sets forth how the objectives

outlined here might be achieved.)

With or without block grants neither the new Department nor the Federal Government can, or in my opinion should, dictate local decisions on local matters. At the same time, <sup>of course,</sup> when Federal funds are made available, there must not only be a need for them but also a public purpose served by their availability. Thus, if and as block grants are provided, criteria of performance (not in terms of a specific activity but the impact of that activity upon the process of urbanization) should be required. It would be inexcusable if this new form of Federal assistance resulted in further fostering blight and unattractiveness in central cities or encouraged greater scattering and economic as well as racial exclusiveness in the suburbs.

No area of urbanization is more crucial or neglected than research. When I assumed the job of Administrator of HHFA no identifiable funds for this purpose were available. (There were funds for demonstration and experimental programs.) Since then the agency has been able to secure token appropriations, but the current funding is still <sup>only</sup> ~~less~~ than three-quarters of a million dollars. This is a matter that the Department must meet head-on, because without research, funds made available for dealing with urban problems will not be used most effectively; and without more knowledge, state, county and municipal public expenditures will not be allocated or utilized so as to achieve maximum

benefits. In addition to Presidential and Departmental leadership, there will have to be a more sympathetic subcommittee on appropriations, especially in the House.

The initial steps taken by HHFA in setting up systems analysis need to be accelerated and expanded <sup>into a significant undertaking.</sup> Concurrently systems analysis at the local and metropolitan levels needs to be encouraged and supported. In all these efforts, early establishment and funding of the Institute for Urban Development proposed by the President in his Message on the Cities will be of basic importance.

Coordination of the thrust of Federal assistance to urban areas is clearly a desirable goal. Two functions are involved: first, coordination at the Washington level and second, coordination at the local level. The new Department will be responsible for achieving the first objective and should take leadership in achieving the second.

~~As was noted above, all Federal programs affecting urban America will not be centered in a single department or agency.~~ <sup>9</sup> The immediate task, therefore, is to develop administrative approaches which will avoid inconsistent impacts of Federal programs and serve to assure that they complement and support each other.

During the next few months, we shall move in this direction in the emerging Department. Two devices will be used: first, we shall (as necessitated by rent supplements) establish in our regional offices a consolidated market and economic analysis corps, so that all programs

will operate upon the same market and economic assumptions; second, (as necessitated by several new 1965 planning requirements) we shall establish in our regional offices centralized and consolidated staffs to review and accelerate compliance with Comprehensive Planning and Workable Program requirements for programs affected by these two instruments. <sup>At the same time,</sup> ~~Consequently,~~ the Regional Administrators will be given additional authority to coordinate our programs in the field. (When the Department comes into existence there will be a basis for granting greater authority to what I would expect to be the Regional Directors. The possibilities and machinery for accomplishing this are set forth in Position Paper I.)

During the past four and a half years we have been able to work out cooperative agreements with other Federal departments and agencies for greater coordination and cooperation of Federal programs operating in urban America. The most effective instrument for achieving this has been agreement upon common comprehensive planning requirements. This is the instrument which I believe offers the greatest hope for the future. (For a more detailed discussion of this see our paper on planning submitted to the Bureau of the Budget and Position Paper II.)

In addition to this operating tool, other approaches are required. HUD should review the impact of Federal programs upon the

urban areas of America. Conflicts of approach will immediately become apparent. The highway program is <sup>a dramatic</sup> ~~an~~ interesting example. Already we have been able to work out arrangements to avoid its destroying, or seriously damaging, urban renewal programs, and we are, in many instances, commingling its planning funds with ours. But often State Highway Authorities pay little attention to the impact of their activities upon land use and urbanization. They will continue to ignore this unless and until there is a research program which delineates the problem and sets forth its impact in quantitative terms.

Other problems <sup>require action</sup> ~~need no further~~ study. When a highway system of multiple lanes cuts through a central city to provide access and egress, the principal beneficiaries are the suburban residents, usually affluent and the central city businesses (if the highway is planned to aid the latter). Those who suffer from it are the poorer people (often non-white) who lie in the path of the demolition and the central city whose tax base may be further eroded. It would be equitable, therefore, that two things be required: first, the suburbs which occasion the uprooting of the poor and benefit <sup>most</sup> from <sup>the highway</sup> it should provide compensating housing facilities for income groups displaced; and second, the highway program should absorb the additional cost of building over air rights where this is feasible and desirable for a more orderly and economically sound redevelopment of the city. Problems of this type should be identified and analyzed by the new Department. It, in turn, should develop possible solutions which would be reported to the President

and the Congress.

Another issue that is immediate and lends itself to early positive reform relates to the great void in our approach to urbanization already delineated - the absence of a Federal urban land policy. The first effort in this direction was the proposal for Federal assistance, via FHA insurance, for new communities. Congress has not yet enacted this innovation, although a start was made in this direction in 1965. HUD will have to press for this legislation. It will, I believe, have additional leverage as a few successful new communities emerge in the immediate future. While these are well planned, they lack an ingredient that Federal assistance could facilitate - economic diversification among the residents.

There is some measure of agreement relative to the form that urban America should take. Yet the vast acreage of land now in Federal ownership and subject to disposition for urban development is largely devoid of any regulations which would positively affect future use. HUD should analyze this situation, establish its dimensions and, in cooperation with other agencies, develop policy guides to promote desirable future patterns of urbanization <sup>of</sup> on land now under direct Federal control.

Needless to say these will be sensitive processes. To achieve their objectives with any hope of success, several things are required.

The new Department should have a clear Presidential mandate to give attention to these matters. It should be authorized to carry out the studies which will be required (in a National Institute adequately funded and by using outside non-profit corporations, as is done in the Department of Defense). Once this authority has been granted, HUD should involve the other Federal operating agencies in the planning and execution of the analyses. Finally, the proposed solutions should be a joint effort. This may result in several alternative proposals, but if there has been involvement of all agencies affected and if there is general agreement on the nature of the problem, the possibilities of some agreement on solutions will be greatly enhanced.

Related to such solutions is the development of desirable patterns of urbanization. While there is much agreement on what is wrong with our cities, suburbs, and emerging urbanizing areas, less consensus exists relative to what we should and could achieve. Here is a major role for the new Department. In order to perform this function effectively, the research previously referred to, is basic. But facts alone will not be enough. Nor will woud analyses suffice. There must be demonstrations of what can be, so as to excite the imagination of the American people - the new communities would fall in this category. Facts, figures and analyses must be translated into understandable goals. And these goals, ultimately expressed in legislative proposals, will have to be championed

by strong and effective public support. The Department of Housing and Urban Development should become the agency of government which spearheads this activity. It will have to explain, sell, and champion new directions in urban development.

This, of course, will be no easy task. It is complicated by the complexity of the subject matter, no less than by the conflict of interests (both real and imaginary) between the central cities and the suburbs as well as between city and state. If, however, the basic homework is well done, a Cabinet member should have a platform from which he could give leadership to the education necessary to facilitate understanding and support.

Rational and effective approaches to urbanization cannot be achieved unless HUD successfully performs this function. Reference was made at the outset to the absence of an effective public interest lobby. The legislative history incident to the Housing and Urban Development Law of 1965 demonstrated the dangers in the current situation. In the controversy in Congress over rent supplements and the colloquy outside Congress relative to FHA support of new communities, the effective spokesmen articulated their special interests, usually either economic or protective of a bureaucracy. Just as the problems of urbanization are not a series of unrelated issues, so the solutions cannot be a group of programs to serve special interests. There is an over-all public interest and the new Department must articulate it. While we

will not eradicate special interests, the new Department can and should harness special interests to overall interests and offset the impact of special interests by nurturing and encouraging wide-spread citizen understanding and concern for housing and urban development.

In short, the Department of Housing and Urban Development is concerned with the entire urban complex, involving the process of urbanization as well as the problems of the cities. Housing is in its title because the home is the basic environmental factor and because the Department will absorb most of the Federal Government's housing programs. But the scope of the new Department is the whole spectrum of urban matters. ~~This does not mean that it will embrace the administration of all Federal activities and programs affecting urban areas, but HUD will become the Federal agency responsible for identifying, analyzing, and coordinating the approach of the Federal Government to assistance in solving the problems of urbanization in this nation. It will also play a major role in delineating urban problems and assisting other levels of government in studying and solving them.~~

Clearly, HUD will have little influence on other urban activities unless and until its own multiple programs are effectively coordinated. Position Paper I is addressed to the organization of the new Department.

Position Paper I proposes a plan for organizing the Department of Housing and Urban Development. It attempts, within the degree of freedom possible in light of the statute creating the Department and the legislative history pertinent thereto, to accomplish several things. First, it groups programs affecting the central cities and/or subject to Workable Program requirements under an Assistant Secretary for Urban Renewal and Housing Assistance. This not only seems logical but has the virtue of giving additional

emphasis and thrust to the Workable Program requirements. It would facilitate consolidation of relocation activities (now primarily centered in the Urban Renewal Administration and the Public Housing Administration). Equally important, it groups together a number of programs most of which primarily or exclusively benefit central cities. Thus there is a series of activities with which Mayors may identify. Also these are programs which might be stymied or neglected if administered through counties or states. Little would be achieved in effecting metropolitan cooperation, but much might be lost, should the Federal Government cease to deal directly with the cities in executing these activities.

The same reasoning occasioned the assignment of major programs to an Assistant Secretary for Community and Metropolitan Development. Here the overriding consideration was the pertinence and applicability of Comprehensive Planning requirements and the fact that most of the activities were metropolitan-wide in their impact. This approach would greatly strengthen the planning grant program (now in the Urban Renewal Administration) and the administration of Comprehensive Planning requirements.

It is generally recognized that enforced racial residential segregation, with its attendant economic exploitation and psychological frustration, is one of the toughest urban problems. Only during the past three years has the Federal Government addressed itself to the issue. HHFA has taken the lead in carrying out the Executive Order on Equal Opportunity in Housing. Further significant advances in this

area within the new Department depend upon action to extend coverage of the Order. Without such action, homebuilders will utilize sources of finance that are not covered by the Order, thus rendering the enforcement activities of HUD less effective.

There is, however, much more that HUD can and should do to widen the housing opportunities available to non-whites. The principal instruments are its expanded low-income housing programs (public housing and rent supplements) and the moderate-income housing program (221(d)(3) below-the-market interest rate construction). With the bringing of FHA into the regional framework (as proposed in Position Paper I) and more vigorous administration significant progress can be made.

The principal danger is that the restrictions on rent supplements contained in the report of the House Subcommittee and adopted by both branches of Congress in the 1965 supplemental appropriation may be reactivated in 1966. This requires conformity with a Workable Program or local government approval. Its effect would be to eliminate rent supplements from most suburbs and encumber the program with all the site problems that have long harrassed public housing.

Position Paper II deals with a special, but vital phase of the Department's field activities. Its concern is for what has been referred to as an urban desk. The thrust of this proposal is to establish machinery, attached to the Department's regional offices but usually resident in localities, which will assist our cities in developing coordinated programs involving the various activities of

the Department. Obviously, if this machinery proves to be successful it can be adopted, expanded or otherwise modified to embrace a larger spectrum of Federal programs related to urbanization.

Although there is some repetition in this paper and in the two Position Papers, this is deliberate. It is designed to permit each of the statements identified as Position Papers to retain an integrity of its own.

This is the main paper - the other being a supplement.

~~Functions of the Department of Housing and Urban Development~~

(Preliminary Statement)

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principles and objectives that are pursued. Again, like a plan, the concept and the functions of the Department will become meaningless unless machinery and programs are developed to carry them out.

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~~Although~~ There is general recognition of the continuing need for more knowledge in the field of urbanization among students of the problem, ~~much of the popular (and more widely read or listened to) comment fails to recognize that greater expenditures alone will not suffice.~~ We need to learn how to attack a host of human problems, how to upgrade the technology of home building, how to design and construct urban mass transit systems that are economically feasible and responsive to human needs (perhaps with greater subsidies than now are contemplated), how to become the master rather than the servant of the automobile. We need to evolve and adopt an urban land policy. We need to identify problems which are common to central cities and suburbs, demonstrating how parochialism on the part of either in

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~~My second purpose~~ the programs and the organization of HUD must be such as to reflect the Administration's continuing major concern for the central cities. In an effort to emphasize metropolitan approaches to urban problems we cannot afford to neglect or further disadvantage the cities. Indeed the challenge is to foster metropolitanism at the same time that the central cities continue to identify with the Department and continue to feel that it is oriented to their problems (although this is not an exclusive orientation).

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benefits. In addition to Presidential and Departmental leadership, there will have to be a more sympathetic subcommittee on appropriations, especially in the House.

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During the next few months, we shall move in this direction in the emerging Department. Two devices will be used: first, we shall (as necessitated by rent supplements) establish in our regional offices a consolidated market and economic analysis corps, so that all programs

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In addition to this operating tool, other approaches are required. HUD should review the impact of Federal programs upon the

urban areas of America. Conflicts of approach will immediately become apparent. The highway program is <sup>a domestic</sup> ~~an~~ interesting example. Already we have been able to work out arrangements to avoid its destroying, or seriously damaging, urban renewal programs, and we are, in many instances, commingling its planning funds with ours. But often State Highway Authorities pay little attention to the impact of their activities upon land use and urbanization. They will continue to ignore this unless and until there is a research program which delineates the problem and sets forth its impact in quantitative terms.

Other problems <sup>require attention</sup> ~~need not be studied~~. When a highway system of multiple lanes cuts through a central city to provide access and egress, the principal beneficiaries are the suburban residents, usually affluent, and the central city businesses (if the highway is planned to aid the latter). Those who suffer from it are the poorer people (often non-white) who lie in the path of the demolition and the central city whose tax base may be further eroded. It would be equitable, therefore, that two things be required: first, the suburbs which occasion the uprooting of the poor and benefit <sup>most</sup> from <sup>the highways</sup> it should provide compensating housing facilities for income groups displaced; and second, the highway program should absorb the additional cost of building over air rights where this is feasible and desirable for a more orderly and economically sound redevelopment of the city. Problems of this type should be identified and analyzed by the new Department. It, in turn, should develop possible solutions which would be reported to the President

and the Congress.

Another issue that is immediate and lends itself to early positive reform relates to the great void in our approach to urbanization already delineated - the absence of a Federal urban land policy. The first effort in this direction was the proposal for Federal assistance, via FHA insurance, for new communities. Congress has not yet enacted this innovation, although a start was made in this direction in 1965. HUD will have to press for this legislation. It will, I believe, have additional leverage as a few successful new communities emerge in the immediate future. While these are well planned, they lack an ingredient that Federal assistance could facilitate - economic diversification among the residents.

There is some measure of agreement relative to the form that urban America should take. Yet the vast acreage of land now in Federal ownership and subject to disposition for urban development is largely devoid of any regulations which would positively affect future use. HUD should analyze this situation, establish its dimensions and, in cooperation with other agencies, develop policy guides to promote desirable future patterns of urbanization <sup>of</sup> the land now under direct Federal control.

Needless to say these will be sensitive processes. To achieve their objectives with any hope of success, several things are required.

The new Department should have a clear Presidential mandate to give attention to these matters. It should be authorized to carry out the studies which will be required (in a National Institute adequately funded and by using outside non-profit corporations, as is done in the Department of Defense). Once this authority has been granted, HUD should involve the other Federal operating agencies in the planning and execution of the analyses. Finally, the proposed solutions should be a joint effort. This may result in several alternative proposals, but if there has been involvement of all agencies affected and if there is general agreement on the nature of the problem, the possibilities of some agreement on solutions will be greatly enhanced.

Related to such solutions is the development of desirable patterns of urbanisation. While there is much agreement on what is wrong with our cities, suburbs, and emerging urbanizing areas, less consensus exists relative to what we should and could achieve. Here is a major role for the new Department. In order to perform this function effectively, the research previously referred to, is basic. But facts alone will not be enough. Nor will sound analyses suffice. There must be demonstrations of what can be, so as to excite the imagination of the American people - the new communities would fall in this category. Facts, figures and analyses must be translated into understandable goals. And these goals, ultimately expressed in legislative proposals, will have to be championed

by strong and effective public support. The Department of Housing and Urban Development should become the agency of government which spearheads this activity. It will have to explain, sell, and champion new directions in urban development.

This, of course, will be no easy task. It is complicated by the complexity of the subject matter, no less than by the conflict of interests (both real and imaginary) between the central cities and the suburbs as well as between city and state. If, however, the basic homework is well done, a Cabinet member should have a platform from which he could give leadership to the education necessary to facilitate understanding and support.

Rational and effective approaches to urbanization cannot be achieved unless HUD successfully performs this function. Reference was made at the outset to the absence of an effective public interest lobby. The legislative history incident to the Housing and Urban Development Law of 1965 demonstrated the dangers in the current situation. In the controversy in Congress over rent supplements and the colloquy outside Congress relative to FEA support of new communities, the effective spokesmen articulated their special interests, usually either economic or protective of a bureaucracy. Just as the problems of urbanization are not a series of unrelated issues, so the solutions cannot be a group of programs to serve special interests. There is an over-all public interest and the new Department must articulate it. While we

will not eradicate special interests, the new Department can and should harness special interests to overall interests and offset the impact of special interests by nurturing and encouraging wide-spread citizen understanding and concern for housing and urban development.

In short, the Department of Housing and Urban Development is concerned with the entire urban complex, involving the process of urbanization as well as the problems of the cities. Housing is in its title because the home is the basic environmental factor and because the Department will absorb most of the Federal Government's housing programs. But the scope of the new Department is the whole spectrum of urban matters. ~~This does not mean that it will embrace the administration of all Federal activities and programs affecting urban areas, but HUD will become the Federal agency responsible for identifying, analyzing, and coordinating the approach of the Federal Government to assistance in solving the problems of urbanization in this nation. It will also play a major role in delineating urban problems and assisting other levels of government in studying and solving them.~~

Clearly, HUD will have little influence on other urban activities unless and until its own multiple programs are effectively coordinated. Position Paper I is addressed to the organization of the new Department.

Position Paper I proposes a plan for organizing the Department of Housing and Urban Development. It attempts, within the degree of freedom possible in light of the statute creating the Department and the legislative history pertinent thereto, to accomplish several things. First, it groups programs affecting the central cities and/or subject to Workable Program requirements under an Assistant Secretary for Urban Renewal and Housing Assistance. This not only seems logical but has the virtue of giving additional

emphasis and thrust to the Workable Program requirements. It would facilitate consolidation of relocation activities (now primarily centered in the Urban Renewal Administration and the Public Housing Administration). Equally important, it groups together a number of programs most of which primarily or exclusively benefit central cities. Thus there is a series of activities with which Mayors may identify. Also these are programs which might be stymied or neglected if administered through counties or states. Little would be achieved in effecting metropolitan cooperation, but much might be lost, should the Federal Government cease to deal directly with the cities in executing these activities.

The same reasoning occasioned the assignment of major programs to an Assistant Secretary for Community and Metropolitan Development. Here the overriding consideration was the pertinence and applicability of Comprehensive Planning requirements and the fact that most of the activities were metropolitan-wide in their impact. This approach would greatly strengthen the planning grant program (now in the Urban Renewal Administration) and the administration of Comprehensive Planning requirements.

It is generally recognized that enforced racial residential segregation, with its attendant economic exploitation and psychological frustration, is one of the toughest urban problems. Only during the past three years has the Federal Government addressed itself to the issue. HHFA has taken the lead in carrying out the Executive Order on Equal Opportunity in Housing. Further significant advances in this

area within the new Department depend upon action to extend coverage of the Order. Without such action, homebuilders will utilize sources of finance that are not covered by the Order, thus rendering the enforcement activities of HUD less effective.

There is, however, much more that HUD can and should do to widen the housing opportunities available to non-whites. The principal instruments are its expanded low-income housing programs (public housing and rent supplements) and the moderate-income housing program (221(d)(3) below-the-market interest rate construction). With the bringing of FHA into the regional framework (as proposed in Position Paper I) and more vigorous administration significant progress can be made.

The principal danger is that the restrictions on rent supplements contained in the report of the House Subcommittee and adopted by both branches of Congress in the 1965 supplemental appropriation may be reactivated in 1966. This requires conformity with a Workable Program or local government approval. Its effect would be to eliminate rent supplements from most suburbs and encumber the program with all the site problems that have long harrassed public housing.

Position Paper II deals with a special, but vital phase of the Department's field activities. Its concern is for what has been referred to as an urban desk. The thrust of this proposal is to establish machinery, attached to the Department's regional offices but usually resident in localities, which will assist our cities in developing coordinated programs involving the various activities of

the Department. Obviously, if this machinery proves to be successful it can be adopted, expanded or otherwise modified to embrace a larger spectrum of Federal programs related to urbanization.

Although there is some repetition in this paper and in the two Position Papers, this is deliberate. It is designed to permit each of the statements identified as Position Papers to retain an integrity of its own.

## *Position Paper II*

### ORGANIZATION OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PREFACE

##### Role and Mission of the Department of Housing and Urban Development

The wisdom of any proposed organizational structure for the Department of Housing and Urban Development can best be judged in terms of a statement of its basic role and mission, as part of the Federal Government, in aiding the achievement of a Great Society. The President has provided such a statement in his Message to the Congress on the cities, delivered March 2, 1965. This Message provides the base point from which the organizational proposals contained in the attached paper should stem. In essence, the President asked the Congress to establish a department to:

- a. "be primarily responsible for Federal participation in metropolitan area thinking and planning;
- b. "provide a focal point for thought and innovation and imagination about the problems of our cities;
- c. "cooperate with other Federal agencies including those responsible for programs providing essential education, health, employment and social services;
- d. "work to strengthen the constructive relationships between Nation, State and city -- the creative federalism -- which is essential to progress" and
- e. continue "all the present programs of HHFA."

2.

These broad responsibilities of the new department are related to the basic departmental mission of improving the quality and condition of our lives insofar as this can be done by improving our urban communities. As the President's message recognizes: "The quality and condition of our lives is inexorably fixed by the nature of the community in which we live."

The attached proposal incorporates specific organizational recommendations made by the President in his Message of March 2 and, of course, the detailed provisions of the Department of Housing and Urban Development Act. It provides an organizational pattern most suitable for carrying out the role and mission of the department.

## ORGANIZATION OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This paper is a brief description of the organizational structure recommended for the Department of Housing and Urban Development in order to permit it most effectively to perform its role. The paper adopts and defends a specific organizational pattern. This is not to imply that alternative patterns would necessarily be unworkable; for the choice of any pattern involves a weighing of many advantages and disadvantages among alternatives.

### A. Spheres of Responsibility and Nature of Authority of the Principal OFFICERS

(See organization chart)

1. General. The Department of Housing and Urban Development Act provides that an Under Secretary, four Assistant Secretaries, a General Counsel, and an Assistant Secretary for Administration "shall perform such functions, powers, and duties as the Secretary shall prescribe from time to time." This paper proposes that the Under Secretary, General Counsel and Assistant Secretary for Administration be assigned traditional functions. That is, the sphere of interest of the Under Secretary will be coextensive with the Secretary's; the General Counsel will be the principal legal officer of the Department; and the Assistant Secretary for Administration will be concerned with personnel, organization and other housekeeping functions.

The major question to which this Part A is addressed is the assignment of responsibilities to the four remaining Assistant Secretaries. Proposals for such assignments follow.

2. Assistant Secretary for Mortgage Credit. The Department of Housing and Urban Development Act specifies that one of the Assistant Secretaries shall head a Federal Housing Administration; shall administer, under the supervision and direction of the Secretary, departmental programs relating to the private mortgage market; and shall have such duties and powers as the Secretary may prescribe. In effect, the departmental law thus provides for an assistant secretary for mortgage credit who shall also be the Federal Housing Commissioner. It is clear that the Congress intended him to have, under the Secretary's direction, line authority over the mortgage insurance operations of the FHA. There is no implication that the Assistant Secretary is prohibited from making such delegations of authority to a subordinate FHA official or officials as he considers reasonable.

In view of the transfer of the Federal National Mortgage Association to the Department as a corporate entity, basic responsibility for the operations of the FNMA will remain in the Association's Board of Directors. Thus, while the Assistant Secretary for Mortgage Credit will have clear line authority with respect to FHA functions, his line authority with respect to the FNMA will derive primarily from his intended status as one of the members of the Association's Board of Directors. He will also manage certain consolidated

services common to the FHA and the FEHA.

Functions of this Assistant Secretary have been determined largely by the law. The law does not prevent the Secretary from assigning staff or supervisory or coordinating functions which effect the department's private mortgage market operations to department officials other than this Assistant Secretary. But it would be contrary to Congressional intent to divest this Assistant Secretary of major line functions affecting the private mortgage market. And it would be inconsistent and distracting to assign substantial functions to him divergent from his responsibility for "private mortgage market" activities. However, it does not seem inconsistent if, in the interest of economy, property disposition functions of the entire department were assigned to this Assistant Secretary, at least to the extent that property is being disposed of primarily for private ownership.

Finally, this Assistant Secretary will, in addition to exercising extensive line authority, act as a major staff adviser to the Secretary with respect to private mortgage market matters generally.

3. Assistant Secretary for Policy and Program Analysis. Staff functions essential to achievement of the new department's policy goals will involve analysis in depth of departmental objectives, collection and evaluation of data concerning the effectiveness and costs of

programs, and financial planning to support decisions growing out of a policy planning and programming system. These functions are of such scope and importance that they should occupy the greatest portion of the time of one Assistant Secretary. This Assistant Secretary (who might be designated as Assistant Secretary for Policy and Program Analysis) will direct three essential staff elements:

- a. A planning staff for policy analysis;
- b. A programming staff for the direction of a departmental information system that is designed to collect and evaluate data essential to the making of major decisions; and
- c. A budget analysis staff for making both long-range and short-range budget projections fully reflecting the major decisions that result from policy analysis and program evaluation.

Data collection and evaluation will draw on research, statistics and market analyses generated outside the department and, within the department, by program operating offices as well as by the programming staff itself. The information so collected will be of service not only in policy planning, program evaluation, and budgeting, but also to departmental program operating offices (such as the three separate offices assisting housing for the elderly through grants, loans, and mortgage insurance) and to the clientele of the department. Dissemination of this information at the Washington level will be a function of the Assistant Secretary for Policy and Program Analysis.

Therefore, he will have under his control another staff element working closely with his programming staff to provide a technical informational service to clients of the department. Eventually, this information "clearing house" service will be absorbed by the department's "Institute of Urban Development" proposed by the President in his message of March 2. When such an Institute is established and funded, it should be given several programs in addition to its major research and technical clearing house functions. These would include training and fellowship programs and some demonstration programs. For example, the low-income housing demonstration program (which may involve either public or private financing) and the urban renewal demonstration program (which may involve problems in the fields of planning, urban renewal and housing) could profitably be assigned to the Institute.

In the meantime, these additional programs will be assigned to the Assistant Secretary for Policy and Program Analysis. Skills involved are to a considerable extent research skills. Need for the demonstrations would often be made manifest as a result of program evaluations; and the demonstrations themselves would often be useful in policy planning, as well as in program operations.

Because of the more specialized skills involved in mass transit, and because all the mass transit programs are still largely experimental the demonstration program in this field should remain, at least for

the time being, elsewhere in the department along with other mass transit programs.

There remains the question of placement for the FHA experimental housing program. In view of the involvement of the FHA mortgage insurance fund, the FHA experimental housing program should not be administered separately from other FHA programs. However, technical research work done in the office of the Assistant Secretary for Policy and Program Analysis, and later in the Institute, can be used by the FHA in its processing of experimental housing applications.

4. Remaining Functions. Functions of the Assistant Secretary for Mortgage Credit are logically derived as a group from the departmental legislation and are consistent with the close relationship between FHA and FNMA mortgage market functions. Functions of the Assistant Secretary for Policy and Program Analysis fall into place largely because of the need to fix responsibility at a high level for the department's major, policy-oriented staff functions, and because the data essential to these staff functions are the same as the data required for the few line functions to be assigned to this office. Remaining functions of the department do not so easily fall into groupings. Among the unassigned programs, there are many with overlapping purposes. It is impossible to separate them without drawing artificial dividing lines. Yet the vast scope and variety of the programs dictate that they be divided between the two remaining Assistant Secretaries.

It is proposed that responsibility for the remaining programs be divided between an "Assistant Secretary for Urban Renewal and Housing Assistance" and an "Assistant Secretary for Community and Metropolitan Development."

5. Assistant Secretary for Urban Renewal and Housing Assistance.

This Assistant Secretary will be a line officer concerned with welfare oriented and other programs whose clientele would to a great extent be found in the central city. Urban renewal is being used increasingly as sites for low-rent public housing, both new and rehabilitated, and for privately-financed low and moderate income housing, including relocation housing. Increasingly, the full resources of departmental programs for urban renewal, for housing, and for neighborhood facilities will be focused on individual urban neighborhoods so as to provide a coordinated departmental attack on the ills of urban life. Increasingly too, the resources of the entire Federal Government, including those of the Department of Health, Education and Welfare and the Office of Economic Opportunity, will be devoted to a coordinated attack on inter-related urban problems. At this point in time, it is essential that the new department be organized to administer its segment of these inter-related programs with maximum coordination, maximum flexibility, and minimum regard for the source of Federal funds. Giving full line responsibility to the Assistant Secretary for Urban Renewal and Housing Assistance with respect to his sphere of interest will further this

purpose, especially with respect to relocation, rehabilitation, land acquisition standards, and bond financing activities that cut across several of the programs for which he is responsible.

More specifically, it is proposed that this Assistant Secretary administer the low-rent housing program under the U. S. Housing Act of 1937 and the urban renewal program under Title I of the Housing Act of 1949. In addition, he would have responsibility for rehabilitation loan and grant programs authorized in 1964 and 1965 and the neighborhood facility program authorized in 1965. A single office under this Assistant Secretary will also administer cash relocation payments in connection with all departmental programs. All these functions are largely welfare and central-city oriented. The urban beautification program authorized in 1965 will be added to this grouping.

The open-space land program presents a special problem. Creation of a small open space in an urban renewal area will have quite a different purpose than the preservation of a large open space in the path of a city's growth where an important motive may be to change the direction of that growth. Accordingly, responsibility for open-space land assistance should be divided between the Assistant Secretary for Urban Renewal and Housing Assistance and the Assistant Secretary for Community and Metropolitan Development, depending on the size and purpose of the open space being assisted. Any small inconvenience which may result from this division at the Washington level is

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warranted by the benefits resulting from organizing departmental functions according to major purposes. Also, such a division of responsibility in Washington need not be extended to the field where clients of the program could be served by a unified staff.

Careful thought must be given to assigning responsibility for determining whether a locality has an adequate workable program for community improvement. Unless such a local program is approved by the Secretary or his designee, the locality will be ineligible to receive certain urban renewal, low-rent public housing, and mortgage insurance aids. The Congress, in adopting this provision in 1954, prohibited delegation of approval authority by the Housing Administrator. The departmental act repealed this prohibition so that the Secretary would not be required to perform the function personally. Nevertheless, it is probable that the intent of the Congress was for this formerly non-delegable function to be administered not below the level of an Assistant Secretary. An argument can be made for delegating the function to the Assistant Secretary for Policy and Program Analysis on the grounds that it cuts across several departmental programs; or to the Assistant Secretary for Community and Metropolitan Development on the grounds that some of the elements of the workable program could be developed with assistance under the comprehensive planning grant program to be assigned to him; or to the Assistant Secretary for Urban Renewal and Housing Assistance on the grounds that the major purpose of this function and the major purpose of the several programs administered

under this Assistant Secretary are most closely interrelated.

On balance, it is preferable that the function be assigned to the Assistant Secretary for Urban Renewal and Housing Assistance whose other functions make him most familiar with the problems involved and the people concerned. This is the overriding consideration, particularly when the workable program is viewed not merely as a requirement to be met in order to receive other Federal aids, but as another tool to be used imaginatively for the improvement of unsatisfactory living conditions in the community. When the function is viewed in this light, the programs of the Assistant Secretary for Community and Metropolitan Development appear less relevant to the function because his programs are addressed primarily to problems of urban growth and not to problems of inherited urban blight.

It would also seem undesirable to burden the Assistant Secretary for Policy and Program Analysis with operating problems in individual localities, since this Assistant Secretary is primarily engaged in staff functions relating to overall National policies and programs. The workable program function will actually be administered primarily in the field, and the Assistant Secretary for Urban Renewal and Housing Assistance will have far more occasions to work with departmental field offices on closely related operating matters than will the Assistant Secretary for Policy and Program Analysis.

Programs of low-interest-rate direct loans for rental housing

for the elderly and for college housing are essentially "housing assistance" programs. It would be appropriate that offices handling these programs fall within the sphere of responsibility of the Assistant Secretary for Urban Renewal and Housing Assistance. In the college program the department will deal directly with colleges and universities. This is not true of the department's academic facilities functions and school construction functions performed under delegations of authority from the Department of Health, Education and Welfare. In the academic facilities program the sponsoring agency is the State Department of higher education and not individual colleges and universities. There may be some minor disadvantages in separating the academic facilities functions from the college housing program. But it seems reasonable that they be performed under the supervision of the Assistant Secretary for Community and Metropolitan Development because the functions delegated are technical in nature and limited to public works aspects of the HEW programs.

6. Assistant Secretary for Community and Metropolitan Development.

This Assistant Secretary will be a line officer largely concerned with programs having a major effect on the structure and development of entire urban or metropolitan areas. Program clientele would be found not only in the central city but also in suburban areas and in the metropolitan area as a whole. Indeed, most of the clients would be either outside the central city (as in the case of advance land

acquisition) or both in the central city and the suburbs (as in the case of mass transportation). The one unifying characteristic of the programs to be concentrated in this Assistant Secretary is that they are (or, ideally, should be in the case of public facility loans) subject to comprehensive planning requirements. The one program similarly conditioned that would not be assigned to this Assistant Secretary -- mortgage insurance for large scale land development -- is necessarily resident in the FHA in view of the involvement of the FHA mortgage insurance fund.

More specifically, the Assistant Secretary for Community and Metropolitan Development will administer urban planning assistance under Section 701 of the Housing Act of 1954, public works planning advances under Section 702 of that Act, mass transit programs, loans and grants for basic water and sewer facilities, loans for other public facilities, and the recently enacted program of grants for advance acquisition of land for the future construction of public works or community facilities. In addition, financial assistance for preserving major open spaces would be one of his responsibilities. All these programs should be directed toward achievement of effective and comprehensive planning in community and metropolitan development. The history of public works planning advances and public facility loan assistance indicates, however, that they have not been exploited at their greatest potential in the orderly development of urban areas.

If these programs (some having their roots in public works legislation dating to 1932 and 1933 and others in urban development legislation first enacted in 1961 or 1965) are to be used flexibly and effectively in improving the total urban environment, it seems timely that full line responsibility for all of them be vested in the Assistant Secretary for Community and Metropolitan Development.

7. Role of Officials Specializing in Individual Programs. Assignment of line authority to the Assistant Secretaries will carry authority to approve policies, procedures and other directives relating to programs administered under their supervision. It would not, however, prevent them from making extensive delegations of authority to officials at the bureau level concerned with specific programs. On the contrary, these officials, at the least, will have the important function of preparing and perfecting the technical standards and procedures for their respective programs. It is these technical standards and procedures which make it possible for the policies formulated at the Secretarial and Assistant Secretarial levels to be carried out with a reasonable degree of consistency in the field. Officials concerned with specific programs would also perform the related functions of providing staff advice to the Assistant Secretaries in the development of program policies; and would furnish technical staff assistance to the regions, including assistance in the interpretation of program standards and in the solving of specific problems.

**B. Other Officers Reporting to the Secretary**

In addition to officers appointed or approved by the President, there will be a number of other officers who ought to report directly to the Secretary. Each of these officers will have staff responsibilities affecting all or many of the functions of the department. Span of control considerations require that no officer report directly to the Secretary unless his function involves importance or delicacy requiring the personal attention of the Secretary, or unless there are considerations of protocol preventing the function from being placed at a lower level.

Officers reporting to the Secretary would include the heads of the following offices:

1. Congressional Liaison;
2. Public Affairs;
3. Urban Program Coordination (partly because of protocol in relation to other departments and agencies, and partly because of Congressional expectations arising out of the legislative history that was made in the Senate);
4. Office of International Affairs (as a matter of protocol in relation to foreign organizations and visitors);
5. Inspection, including separate units for audit and compliance and a labor office whose day-to-day functions will largely involve compliance (partly because of the advantages that result from

separating these inspection offices from the operating offices that are inspected); and

6. Civil Rights, including separate offices concerned with policy formulation and with compliance.

C. Field Office Organization

A major purpose in establishing the new department was to secure more integrated management of its closely interrelated programs. The department's operations are addressed largely to local problems of urban decay and rapid growth. While most of our communities share similar local problems, they occur in specific local form and their solutions must be specific and local. Coordinated and flexible use of the various departmental aids for urban development must be achieved primarily at the field level where programs are carried out.

Accordingly, organization of field offices should be designed to strengthen the authority and ability of field office staffs to process applications of federal urban development aids with a minimum of Washington office case-by-case review, except post review.

It is proposed that the Secretary be represented in the field by seven Regional Directors. In those programs for which Assistant Secretaries have line authority, clear and direct lines of authority would flow from the Secretary, through the Assistant Secretaries, to the Regional Directors. Decentralized major programs will be

directed in each regional office by a Deputy Regional Director for the specific major program concerned.

Regional Directors will communicate freely with the Secretary and Assistant Secretaries. Deputy Regional Directors will be encouraged to communicate on technical matters directly with Washington officials who are below the level of the Assistant Secretaries and who have specialized program responsibilities. However, such freedom of communication on technical matters is not intended to alter the flow of line authority from the Secretary, through the Assistant Secretaries with respect to programs under their supervision, to the Regional Directors and the Deputy Regional Directors.

In order to expedite communications with respect to technical matters, a field office service center will be established in Washington, headed by a non-policy making director. This office will provide more efficient communications, including transmittal of documents and information, between Washington and the Regional offices. The director of the office will have no authority over any field official, nor will he participate, except occasionally in an advisory or informal capacity, in the preparation of instructions to the field.

Deputy Regional Directors are expected to carry the main burden of administering the operations of programs assigned to them in the regional area. Regional Directors are expected to supervise and maintain surveillance over the broad spectrum of program activities

for which they are responsible, but it will be patently impossible for a Regional Director to concern himself with the detailed supervision of all of the programs. He will have to concern himself rather with major problems, such as problems of program relationships, problems having important public relations or political implications, and metropolitan area, locality, or project situations which require a judgment beyond the context of a single operating program. In general, the Regional Director will be expected to be able to deal with local officials in regard to their overall programs of housing and urban development in relation to the programs of the department.

Another organizational objective of the department will be to have representatives physically stationed in each of the major metropolitan centers who can represent the department and all of its programs with some degree of authority.

Within the departmental regional office structure, there will be an office or offices reporting to the departmental Regional Director to assist him in reviewing and coordinating proposed program actions impinging on other program actions of the department, and to advise and assist localities with problems involving a wide range of departmental programs.

There will also be established in regional offices groups of specialists and generalists organized on a geographic area basis, who will be expected to be familiar with the housing and development situation in the cities and metropolitan areas within their geographic areas, and particularly with housing market problems and comprehensive planning objectives of the localities. All market data available from any source in the department, including comprehensive market analyses, will be furnished these offices, and common market interpretations will be supplied for application by all elements of the department. These offices might also review and approve local comprehensive plans where such approval is a prerequisite to individual project actions in the various programs of the department. Advice and assistance could thus be provided to representatives of cities in comprehensive metropolitan area planning and in market aspects of departmental programs, as well as on the range of program assistance which can be made available to help cities attack housing and urban development problems.

The broad organizational pattern sketched above is suitable and readily achievable for all departmental programs other than those of the FHA. In the case of the FHA, special circumstances must be taken into consideration.

FHA has no existing regional offices similar to those of other HHFA constituents which could readily be made a part of the departmental regional pattern. FHA's "Zone Commissioners" to some extent supervise, and communicate with, FHA field offices, but they do so out of Washington and their activities do not extend in depth to many of the important programs carried out in the field. Similarly, the FHA's Multifamily Housing Representatives, although stationed in the field, perform technical or advisory functions on behalf of the Washington office of the Assistant FHA Commissioner for Multifamily Housing. To an even greater extent than the Zone Commissioners, Multifamily Housing Representatives limit their activities to a part of the FHA's programs. Thus, neither the Zone Commissioners nor the Multifamily Housing Representatives are comparable to regional officers of the HHFA who have been responsible for public housing, urban renewal, community facility and FEMA programs.

The basic field office unit in the FHA is the insuring office, of which there are seventy-six. These local offices are thus not comparable to the other field offices of the HHFA, each of which has jurisdiction over several states.

Quite apart from the foregoing differences, there is a significant difference in the type of workload handled by FHA offices and other field or regional offices of the HHFA. The bulk of applications for mortgage insurance processed by FHA field offices

relate to sales housing, both new and existing. Generally these applications are processed without necessity for inter-program coordination, or consideration of any other broad policy problems. That is to say, the bulk of the insurance processing in the FHA field offices is carried out in accordance with established technical and procedural instructions without need for policy supervision in the field above the level of the field office director.

For these reasons the proposed organization of the departmental regional offices will not affect the bulk of the work of the FHA field offices. However, there are a number of important FHA functions that are interrelated with other departmental programs. They must be coordinated with those programs both as to policy and execution. To accomplish this coordination, there will be in each departmental regional office a Deputy Regional Director for FHA matters. As in the case of other Deputy Regional Directors, he will be a member of the staff of the Regional Director. Under supervision of the Regional Director, he will perform supervisory functions in connection with those FHA matters requiring departmental supervision and coordination. For example, these matters will include FHA's rent supplement program, Section 221(d)(3) below-the-market interest rate program, housing in urban renewal areas, urban renewal relocation housing, mortgage insurance for land development, assistance

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to those sales housing sub-division large enough to be considered "new towns", and real property disposition where the property is large enough to warrant consideration for other program uses. Also, certain matters now referred by FHA field offices to Washington could be referred instead to the Deputy Regional Director.

Operations and activities of the types mentioned above must be integrated with departmental field activities if many of the important FHA programs are to make the greatest possible contribution to desirable and orderly urban development. Yet even in the case of these limited classes of FHA operations, it is expected that review activities by the Deputy Regional Director will normally affect only a minority of applications handled by the FHA field offices. Also, it is intended that regular processing of applications will remain a field office function, rather than a regional office function, even in the limited categories of cases that may be subjected to regional office review.

## Position Paper II

### ROLE OF REGIONAL REPRESENTATIVES IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### A. BACKGROUND CONSIDERATIONS

The housing, planning, urban renewal, public works and other urban development programs of the Department of Housing and Urban Development are many; are complex; involve different forms of aid; require the exercise of varied professional skills; and provide assistance to diverse groups, including States and State agencies, municipalities and several types of special-purpose local public agencies, and many categories of builders, lenders and consumers. As a result, even at the narrowest local level where the programs are applied, their detailed administration cannot be turned over to small groups of generalists. Yet, all the programs of the Department are addressed to closely interrelated problems having their roots in rapid urban growth and urban decay, and unless generalists provide coordinated administration, there is bound to be duplication and financial waste. Even more important is the fact that uncoordinated local programs may actually conflict with, or negate, each other. Nor is it sufficient to achieve program policy coordination at the Washington and regional levels. While many of our communities have similar local problems requiring

generally similar solutions, the problems occur in uniquely local combinations and their solutions must be hammered out locally, utilizing appropriate Federal, State and local aids in varying combinations.

The pattern of organization of the Department's regional and field offices and the role of the Regional Representatives must thus reflect a delicate balance between the need for specialized administration of a large number of highly complex individual programs and the need for applying these programs in each locality in a coordinated manner and with full regard for peculiarly local conditions. A complicating factor which must be taken into account in striking this balance is the fact that the various programs administered by the Department of Housing and Urban Development need to be closely coordinated in each locality with programs of other Federal departments and agencies, particularly the Departments of Health, Education and Welfare, of Commerce, and of the Interior, and the Office of Economic Opportunity.

B. PLACE OF THE REGIONAL REPRESENTATIVES IN THE REGIONAL OFFICE STRUCTURE

It is proposed that Regional Representatives be assigned to the Departmental Regional Offices. The Representatives will be expected to be familiar with the over-all housing and urban development situations in specific cities or metropolitan areas. Some of them will

be assigned to work in a single metropolitan area or large city, while others, traveling out of the Regional Office, will be assigned to work with groups of smaller towns or cities within a geographic area. In the early days of the Department, it is expected that a few Regional Representatives will be assigned to individual metropolitan areas, but the number of Representatives so assigned would gradually be increased at a rate depending on funding and on practical problems of recruitment and training. Eventually, there may be a Representative stationed in most of the 227 standard metropolitan statistical areas.

All the Regional Representatives, whether permanently stationed in a metropolitan area (or other large urban area) or traveling out of the Regional Office, would report to an Assistant or Deputy Regional Director who, under the supervision and direction of the Regional Director, would be responsible for certain important functions that cut across the Department's specific programs. This Assistant or Deputy Regional Director would have responsibilities, for the entire region, relating to comprehensive market analyses; comprehensive planning assistance; and the administration of the requirement governing some Departmental programs that the aided locality have a "workable program for community improvement". This Assistant or Deputy Regional Director would also be responsible for

reviewing and approving local comprehensive plans where such approval is a prerequisite to individual project actions in the various programs of the Department.

C. FUNCTIONS OF THE REGIONAL REPRESENTATIVES

It is proposed that the Regional Representative perform, with respect to the locality or localities to which he is assigned, the following separate, but closely related, functions:

(1) Comprehensive Planning Assistance. The President's Message to the Congress of March 2 on the "Problems and Future of the Central City and Its Suburbs" stated that the Regional Representative would "assist, where assistance is requested, in the development of metropolitan area plans". Under Section 701 of the Housing Act of 1954, Federal grants of 2/3 (or in some cases 3/4) of the cost of preparing comprehensive urban plans may be made to State, metropolitan and regional planning agencies. In addition to making the grant funds available, the Department is authorized to provide technical assistance for statewide metropolitan planning.

(2) Administration of Comprehensive Planning Requirements. Certain Federal grants and other financial aids, such as those for mass transportation, the provision of open spaces, and basic sewer and water facilities, are conditioned on a finding by the Department that the aided project is consistent with local comprehensive urban

plans or planning. Because the Regional Representative for the locality would be expected to be the Departmental official most familiar with over-all urban development problems and plans of the locality, he would have an important function in assisting the Regional Director in the administration of these important requirements.

(3) Approval of Workable Programs for Community Improvement. For reasons similar to those stated in item (2), the Regional Representative would have an important function in assisting the Regional Director in administering the "workable program" requirement under the Housing Act of 1949. That Act requires a locality to have an approved workable program for its own over-all community improvement in order to receive the benefits of Departmental aids for low-rent public housing or for urban renewal, including FHA mortgage insurance for urban renewal housing.

(4) Informational, Advisory and Liaison Functions. The Regional Representative would also perform general informational, advisory and liaison functions relating to the availability, processing, and coordination of Departmental program aids. He would in no sense be exercising any local governmental powers and his assistance would be given, as the President stated, when requested.

(5) Assistance With Respect to Programs of Other Federal Departments and Agencies. In addition to the need for coordinating the many interrelated programs administered by the Department, there is need for coordination, at the local level, among programs of the Department and programs of other Federal departments and agencies that importantly affect urban development and also of coordination among Federal, State and local programs. Regional Representatives can perform several functions that would be helpful in achieving such coordination.

First, the Representative should become generally familiar with all Federal, State and local programs available in the area that have an impact on urban development so that he may recognize their interrelationships. This will enable him to consult intelligently with other appropriate officials whenever necessary to the sensible exercise of his own responsibilities.

Second, the Regional Representative could assist local officials by calling to their attention the availability of aids administered by other agencies as well as the pitfalls involved in failures of coordination. Especially in the case of smaller communities, local officials will often find it helpful if the Regional Representative performs a clearinghouse informational service or referral service with respect to programs of other departments and agencies.

Third, where the Federal departments and agencies concerned have laid the appropriate foundation in Washington for cooperation under clear understandings as to divisions of responsibility and cross-delegations of authority, it may be possible for the Regional Representative to perform certain functions on behalf of other departments and agencies. This would be done in smaller communities where an unusual degree of interdepartmental cooperation is a useful device for stretching the limited, available Federal staff resources. It could also be done in larger communities where highly coordinated attacks are made on complex and closely interrelated urban problems. In neither case would the Regional Representative perform any function on behalf of another Federal department or agency except under clear delegation of authority from that department or agency. Such delegations could permit the Regional Representative to act as a liaison officer for other agencies with respect to some of their programs in the locality. For example, the Representative could furnish application forms and informational materials relating to programs of the other agency; could assist in filling out application forms; and could perform other expediting functions beyond the sphere of responsibility of the Department of Housing and Urban Development. The other departments and agencies would, of course, provide back-up assistance in the form of materials and instructions.

In effect, the Representative would be performing a limited "one-stop" service and a limited coordinating service on behalf of two or more Federal agencies. Without minimizing the important extent to which such services could be helpful both to small communities which are distant from most Federal offices and to large communities involved in a concerted attack on urban problems, it is nevertheless important to recognize the substantial limitations inherent in such services. One limitation arises from the complexity of Federal aid programs and the fact that enabling legislation and detailed regulations and procedures are often technical, voluminous, and subject to constant revision. Under these circumstances, it is not feasible for an agency to delegate very extensive responsibilities for a specific program, let alone several programs, to generalists on its own staff, let alone generalists on the staff of some other agency.

Secondly, quite apart from the necessarily limited scope of such delegations, there are intrinsic difficulties in achieving (solely through interdepartmental administrative devices) local, project-by-project coordination of numerous complex and interrelated urban development activities. These difficulties are briefly stated in the report of the Senate Committee on Government Operations on the legislation establishing the Department of Housing and Urban Development

(Sen. Report 536, 89th Cong., dated August 2, 1965). That report, at page 11, contains the following statement:

"Unless meaningful and effective comprehensive planning--whether federally aided or not--is being carried out by the locality itself, no amount of coordination by Federal agencies can achieve sensible local development. It is for this reason that the existence of appropriate comprehensive local plans has been made by the Congress a prerequisite for many forms of Federal development aid.

"During the time that an airport or a highway is in its preliminary planning stage, it is often too early to achieve meaningful coordination by relying on intergovernmental conferences involving perhaps 10 or more State and local agencies and 2 or 3 Federal agencies. The subject matter of the conference at this early planning stage is typically too indefinite to provide a basis for agreement among so many interested parties. After an airport or a highway is in a very advanced stage of planning, it is often too late to achieve coordination among numerous interested agencies by any means other than wasteful and time-consuming conflict. By then, much money has been spent on planning; deadline dates are approaching; and the pressures are too great to get on with breaking ground. Thus, a major tool for achieving sensible urban development will always be the coordination of planning for specific projects against a background of preexisting comprehensive planning carried on for the entire local area by the local officials themselves. Federal assistance to localities for such comprehensive local urban planning would be a function of the proposed new Department and a major device for coordinating local development projects, including many which receive aid under programs of other Federal departments and agencies."

In effect, the Committee Report suggests that coordination of Federally aided urban development projects is most effectively furthered when interdepartmental liaison and expediting functions are exercised along with comprehensive planning functions.

It should perhaps be noted that the limited "one-stop" service described above bears only superficial resemblance to the broad

"one-stop" Federal service for municipalities that has often been recommended. Complete or nearly complete "one-stop" service is simply not feasible because the Federal Government's activities affecting urban areas are too many and too complex. For example, Federal airport responsibilities are properly vested in the Federal Aviation Agency because the primary purpose of the Federal aid and the major technical skills involved relate to air transportation, notwithstanding the important impact that airports have on urban development. Similarly, it is not feasible to administer the urban links of the Commerce Department's interstate highway system separately from the rest of the highway program or the urban aspects of HEW's air pollution program separately from the rest of that program. Indeed, if all the functions which in some important way relate to urban development were administered in depth by a single department, or by a single representative of several departments and agencies that department or representative would absorb such a miscellaneous grab bag of functions that it would merely give the appearance, but not the reality, of coordination.

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FROM JOE CALIFANO  
TO BILL MOYERS  
CITE CAP65654

*Noted Nov 5, 1965*

~~Confidential~~

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

TO BILL MOYERS  
FROM JOE CALIFANO

THERE FOLLOWS THE TEXT OF THE ATTORNEY GENERAL'S  
OPINION

MEMORANDUM

RE: EFFECT OF THE DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT ACT ON AND AFTER NOVEMBER 9, 1965.

THE PRESIDENT MIGHT DECIDE TO DEFER THE APPOINTMENT OR DESIGNATION OF A SECRETARY OR ACTING SECRETARY OF THE NEW DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT UNTIL AFTER THE SENATE RECONVENES AND IS IN A POSITION TO CONSIDER AND APPROVE NOMINATIONS TO THE NEWLY-CREATED POSTS IN THE DEPARTMENT. THE PURPOSE OF THIS MEMORANDUM IS TO EXPLAIN HOW THE ACT ESTABLISHING THE NEW DEPARTMENT WOULD OPERATE DURING THIS INTERIM PERIOD, AND HOW THE BUSINESS OF THE NEW DEPARTMENT WOULD BE CONDUCTED IN THE EVENT OF SUCH A DECISION.

THE ACT PROVIDES THAT IT SHALL TAKE EFFECT UPON THE EXPIRATION OF THE FIRST PERIOD OF SIXTY CALENDAR DAYS FOLLOWING THE DATE ON WHICH THE ACT IS APPROVED BY THE PRESIDENT. SINCE THE PRESIDENT SIGNED THE ACT ON SEPTEMBER 9, 1965, THE EFFECTIVE DATE IS NOVEMBER 9, 1965. ON THAT DATE, UNDER SECTION 3 OF THE ACT, THE NEW DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT WILL COME INTO EXISTENCE. UNDER SECTION 5 OF THE ACT ALL OF THE FUNCTIONS, POWERS, AND DUTIES OF THE HOUSING AND HOME FINANCE AGENCY, OF THE FEDERAL HOUSING ADMINISTRATION AND THE PUBLIC HOUSING ADMINISTRATION IN THAT AGENCY, AND OF THE HEADS AND OTHER OFFICERS AND OFFICES OF THOSE AGENCIES, WILL AUTOMATICALLY BE TRANSFERRED TO THE NEW DEPARTMENT.

SECTION 7 OF THE ACT PROVIDES THAT THE PERSONNEL EMPLOYED IN CONNECTION WITH THE FUNCTIONS, POWERS, AND DUTIES TRANSFERRED BY THE ACT ARE ALSO TRANSFERRED AUTOMATICALLY TO THE NEW DEPARTMENT. THE SAME IS TRUE OF THE ASSETS, LIABILITIES, CONTRACTS, PROPERTY, RECORDS, AND UNEXPENDED BALANCES OF APPROPRIATIONS, AUTHORIZATIONS, ALLOCATIONS, OR OTHER FUNDS, CONNECTED WITH THE TRANSFERRED FUNCTIONS. THE ACT EXPRESSLY DECLARES THAT ALL OF THE POWERS AND AUTHORITIES EXISTING UNDER PRIOR LAW SHALL CONTINUE AND SHALL NOT BE DEEMED TO BE LIMITED OR ABROGATED BY THE NEW ACT. SECTION 9 OF THE ACT EXPRESSLY CONTINUES IN FULL FORCE AND EFFECT ALL RULES, REGULATIONS, ORDERS, AUTHORIZATIONS, DELEGATIONS, OR OTHER ACTIONS TAKEN OR ESTABLISHED UNDER THE LAW EXISTING PRIOR TO THE EFFECTIVE DATE OF THE ACT.

THE OVER-ALL RESULT OF THESE PROVISIONS IS THAT THE EXISTING AGENCIES AND PERSONNEL, INCLUDING THE ADMINISTRATOR AND OTHER OFFICERS OF THE HOUSING AND HOME FINANCE AGENCY, WILL CONTINUE TO FUNCTION EXACTLY AS THEY HAVE IN THE PAST EXCEPT THAT THEY WILL ON AND AFTER NOVEMBER 9, 1965, BE LEGALLY A PART OF THE NEW DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. THE AGENCIES TRANSFERRED TO THE NEW DEPARTMENT WILL CONTINUE TO FUNCTION IN THIS WAY UNTIL THE NEW SECRETARY IS CONFIRMED AND HAS HAD AN OPPORTUNITY TO ISSUE APPROPRIATE ORDERS ESTABLISHING THE NEW DEPARTMENTAL STRUCTURE CONTEMPLATED BY THE ACT.

SECTION 9(C) PROVIDES THAT "THE POSITIONS AND AGENCIES HERETOFORE ESTABLISHED BY LAW IN CONNECTION WITH THE FUNCTIONS, POWERS, AND DUTIES TRANSFERRED UNDER SECTION 5(A) OF THIS ACT SHALL LAPSE." THIS PROVISION MUST BE CONSTRUED IN THE LIGHT OF THE OTHER PROVISIONS IN THE ACT WHICH AUTOMATICALLY TRANSFER PERSONNEL AND PRESERVE THE CONTINUITY OF EXISTING LAW AND ORDERS UNTIL ALTERED BY THE

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HEREINAFTER ESTABLISHED BY LAW IN CONNECTION WITH THE FUNCTIONS, POWERS, AND DUTIES TRANSFERRED UNDER SECTION 5(A) OF THIS ACT SHALL LAPSE." THIS PROVISION MUST BE CONSTRUED IN THE LIGHT OF THE OTHER PROVISIONS IN THE ACT WHICH AUTOMATICALLY TRANSFER PERSONNEL AND PRESERVE THE CONTINUITY OF EXISTING LAW AND ORDERS UNTIL ALTERED BY THE NEW SECRETARY UPON HIS APPOINTMENT. THESE PROVISIONS TAKEN TOGETHER SHOW A STRONG INTENT ON THE PART OF CONGRESS THAT THE TRANSITION SHOULD BE ORDERLY AND THAT THERE SHOULD BE CONTINUITY IN THE PERFORMANCE OF ALL FUNCTIONS AFFECTED BY THE ACT. CONSTRUED IN THE LIGHT OF THESE PROVISIONS, THE PROVISION IN SECTION 9(C) MEANS THAT THE "POSITIONS AND AGENCIES" INVOLVED SHALL LAPSE UPON THE IMPLEMENTING OF THE ACT BY THE NEW SECRETARY. IN THIS CONNECTION, IT IS TO BE NOTED THAT THE LANGUAGE USED IN THIS PROVISION ("SHALL LAPSE") IS DIFFERENT FROM THE LANGUAGE USED IN THOSE PROVISIONS WHICH AUTOMATICALLY COME INTO EFFECT ON THE EFFECTIVE DATE OF THE ACT (I.E., "IS HEREBY ESTABLISHED," "ARE HEREBY TRANSFERRED"). THE TERM "LAPSE" IS COMMONLY USED TO CONNOTE A GRADUAL PROCESS (E.G., WEBSTER'S NEW INT'L DICT. (2D ED.) "TO PASS ... GRADUALLY"; BOUVIER'S LAW DICT. (3D REV.) "TO PASS SLOWLY ... OR BY DEGREES").

THE FOREGOING CONSTRUCTION OF THE ACT HAS THE APPROVAL OF THIS DEPARTMENT AND OF THE GENERAL ACCOUNTING OFFICE.

ATTORNEY GENERAL

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FROM JOE CALIFANO  
TO BILL MOYERS  
CITE CAP65654

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

TO BILL MOYERS  
FROM JOE CALIFANO

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AND OTHER AGENCIES OF THE FINANCE AGENCY, WILL CONTINUE TO FUNCTION EXACTLY AS THEY HAVE IN THE PAST EXCEPT THAT THEY WILL ON AND AFTER NOVEMBER 9, 1965, BE LEGALLY A PART OF THE NEW DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. THE AGENCIES TRANSFERRED TO THE NEW DEPARTMENT WILL CONTINUE TO FUNCTION IN THIS WAY UNTIL THE NEW SECRETARY IS CONFIRMED AND HAS HAD AN OPPORTUNITY TO ISSUE APPROPRIATE ORDERS ESTABLISHING THE NEW DEPARTMENTAL STRUCTURE CONTEMPLATED BY THE ACT.

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THE FOREGOING CONSTRUCTION OF THE ACT HAS THE APPROVAL OF THIS DEPARTMENT AND OF THE GENERAL ACCOUNTING OFFICE.

ATTORNEY GENERAL

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FROM: JOE CALIFANO  
TO: BILL MOYERS  
CITE: CAP 65655

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**CONFIDENTIAL**

THESE FOLLOW A LIST OF POSSIBLE QUESTIONS AND THEIR ANSWERS ON THE URBAN AFFAIRS SITUATION.

Q. IS ANY ONE THE ACTING SECRETARY OF THE NEW DEPARTMENT?

A. NO. ALL OF THE PERSONNEL WILL CONTINUE WITH THE HOUSING AND HOME FINANCE AGENCY, WHICH ON NOVEMBER 9 WILL BECOME PART OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

Q. DOESN'T THE ACT ABOLISH ALL POSITIONS AND CERTAIN AGENCIES IN HOUSING AND HOME FINANCE AGENCY AS OF THE EFFECTIVE DATE OF THE ACT?

A. NO. THE ACT PROVIDES THAT THESE POSITIONS AND CERTAIN OTHER JOBS AND AGENCIES, "SHALL LAST." HOWEVER, THAT PROVISION, ACCORDING TO THE ATTORNEY GENERAL AND THE COMPTROLLER GENERAL, IS INTENDED TO TAKE EFFECT ONLY AFTER THE SECRETARY IS CONFIRMED AND HAS HAD AN OPPORTUNITY TO ISSUE THE ORDERS REQUIRED TO ESTABLISH A NEW DEPARTMENTAL STRUCTURE. UNTIL THAT OCCURS, ALL OF THE JOBS AND AGENCIES CONTINUE AS THEY WERE EXCEPT THAT THEY ARE NOW PART OF AND SITUATED WITHIN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

Q. HOW WILL THE PERSONNEL SIGN THEIR NAMES?

A. THEY WILL SIGN AS (JOHN DOE), HOUSING AND HOME FINANCE AGENCY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. TOP OFFICIALS, SUCH AS THE COMMISSIONER OF THE FEDERAL HOUSING ADMINISTRATION, WILL SIGN IN A SIMILAR WAY.

Q. WHAT SALARIES WILL BE PAID TO THE PRINCIPAL OFFICERS AND OTHER PERSONNEL OF THE HOUSING AND HOME FINANCE AGENCY AFTER THE NEW DEPARTMENT COMES IN EXISTENCE?

A. THE SAME AS THEY NOW RECEIVE.

DTG: 25/1052Z NOVEMBER 1965

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## Position Paper II

### ORGANIZATION OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PREFACE

#### Role and Mission of the Department of Housing and Urban Development

The wisdom of any proposed organizational structure for the Department of Housing and Urban Development can best be judged in terms of a statement of its basic role and mission, as part of the Federal Government, in aiding the achievement of a Great Society. The President has provided such a statement in his Message to the Congress on the cities, delivered March 2, 1965. This Message provides the base point from which the organizational proposals contained in the attached paper should stem. In essence, the President asked the Congress to establish a department to:

- a. "be primarily responsible for Federal participation in metropolitan area thinking and planning;
- b. "provide a focal point for thought and innovation and imagination about the problems of our cities;
- c. "cooperate with other Federal agencies including those responsible for programs providing essential education, health, employment and social services;
- d. "work to strengthen the constructive relationships between Nation, State and city -- the creative federalism -- which is essential to progress" and
- e. continue "all the present programs of HUD."

2.

These broad responsibilities of the new department are related to the basic departmental mission of improving the quality and condition of our lives insofar as this can be done by improving our urban communities. As the President's message recognizes: "The quality and condition of our lives is inexorably fixed by the nature of the community in which we live."

The attached proposal incorporates specific organizational recommendations made by the President in his Message of March 2 and, of course, the detailed provisions of the Department of Housing and Urban Development Act. It provides an organizational pattern most suitable for carrying out the role and mission of the department.

## ORGANIZATION OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This paper is a brief description of the organizational structure recommended for the Department of Housing and Urban Development in order to permit it most effectively to perform its role. The paper adopts and defends a specific organizational pattern. This is not to imply that alternative patterns would necessarily be unworkable; for the choice of any pattern involves a weighing of many advantages and disadvantages among alternatives.

### A. Spheres of Responsibility and Nature of Authority of the Principal OFFICERS

(See organization chart)

1. General. The Department of Housing and Urban Development Act provides that an Under Secretary, four Assistant Secretaries, a General Counsel, and an Assistant Secretary for Administration "shall perform such functions, powers, and duties as the Secretary shall prescribe from time to time." This paper proposes that the Under Secretary, General Counsel and Assistant Secretary for Administration be assigned traditional functions. That is, the sphere of interest of the Under Secretary will be coextensive with the Secretary's; the General Counsel will be the principal legal officer of the Department; and the Assistant Secretary for Administration will be concerned with personnel, organization and other housekeeping functions.

The major question to which this Part A is addressed is the assignment of responsibilities to the four remaining Assistant Secretaries. Proposals for such assignments follow.

2. Assistant Secretary for Mortgage Credit. The Department of Housing and Urban Development Act specifies that one of the Assistant Secretaries shall head a Federal Housing Administration; shall administer, under the supervision and direction of the Secretary, departmental programs relating to the private mortgage market; and shall have such duties and powers as the Secretary may prescribe. In effect, the departmental law thus provides for an assistant secretary for mortgage credit who shall also be the Federal Housing Commissioner. It is clear that the Congress intended him to have, under the Secretary's direction, line authority over the mortgage insurance operations of the FEA. There is no implication that the Assistant Secretary is prohibited from making such delegations of authority to a subordinate FEA official or officials as he considers reasonable.

In view of the transfer of the Federal National Mortgage Association to the Department as a corporate entity, basic responsibility for the operations of the FEA will remain in the Association's Board of Directors. Thus, while the Assistant Secretary for Mortgage Credit will have clear line authority with respect to FEA functions, his line authority with respect to the FEA will derive primarily from his intended status as one of the members of the Association's Board of Directors. He will also manage certain consolidated

services common to the FEA and the FEHA.

Functions of this Assistant Secretary have been determined largely by the law. The law does not prevent the Secretary from assigning staff or supervisory or coordinating functions which effect the department's private mortgage market operations to department officials other than this Assistant Secretary. But it would be contrary to Congressional intent to divest this Assistant Secretary of major line functions affecting the private mortgage market. And it would be inconsistent and distracting to assign substantial functions to him divergent from his responsibility for "private mortgage market" activities. However, it does not seem inconsistent if, in the interest of economy, property disposition functions of the entire department were assigned to this Assistant Secretary, at least to the extent that property is being disposed of primarily for private ownership.

Finally, this Assistant Secretary will, in addition to exercising extensive line authority, act as a major staff advisor to the Secretary with respect to private mortgage market matters generally.

3. Assistant Secretary for Policy and Program Analysis. Staff functions essential to achievement of the new department's policy goals will involve analysis in depth of departmental objectives, collection and evaluation of data concerning the effectiveness and costs of

programs, and financial planning to support decisions growing out of a policy planning and programming system. These functions are of such scope and importance that they should occupy the greatest portion of the time of one Assistant Secretary. This Assistant Secretary (who might be designated as Assistant Secretary for Policy and Program Analysis) will direct three essential staff elements:

- a. A planning staff for policy analysis;
- b. A programming staff for the direction of a departmental information system that is designed to collect and evaluate data essential to the making of major decisions; and
- c. A budget analysis staff for making both long-range and short-range budget projections fully reflecting the major decisions that result from policy analysis and program evaluation.

Data collection and evaluation will draw on research, statistics and market analyses generated outside the department and, within the department, by program operating offices as well as by the programming staff itself. The information so collected will be of service not only in policy planning, program evaluation, and budgeting, but also to departmental program operating offices (such as the three separate offices assisting housing for the elderly through grants, loans, and mortgage insurance) and to the clientele of the department. Dissemination of this information at the Washington level will be a function of the Assistant Secretary for Policy and Program Analysis.

Therefore, he will have under his control another staff element working closely with his programming staff to provide a technical informational service to clients of the department. Eventually, this information "clearing house" service will be absorbed by the department's "Institute of Urban Development" proposed by the President in his message of March 2. When such an Institute is established and funded, it should be given several programs in addition to its major research and technical clearing house functions. These would include training and fellowship programs and some demonstration programs. For example, the low-income housing demonstration program (which may involve either public or private financing) and the urban renewal demonstration program (which may involve problems in the fields of planning, urban renewal and housing) could profitably be assigned to the Institute.

In the meantime, these additional programs will be assigned to the Assistant Secretary for Policy and Program Analysis. Skills involved are to a considerable extent research skills. Need for the demonstrations would often be made manifest as a result of program evaluations; and the demonstrations themselves would often be useful in policy planning, as well as in program operations.

Because of the more specialized skills involved in mass transit, and because all the mass transit programs are still largely experimental, the demonstration program in this field should remain, at least for

the time being, elsewhere in the department along with other mass transit programs.

There remains the question of placement for the FHA experimental housing program. In view of the involvement of the FHA mortgage insurance fund, the FHA experimental housing program should not be administered separately from other FHA programs. However, technical research work done in the office of the Assistant Secretary for Policy and Program Analysis, and later in the Institute, can be used by the FHA in its processing of experimental housing applications.

4. Remaining Functions. Functions of the Assistant Secretary for Mortgage Credit are logically derived as a group from the departmental legislation and are consistent with the close relationship between FHA and FIMA mortgage market functions. Functions of the Assistant Secretary for Policy and Program Analysis fall into place largely because of the need to fix responsibility at a high level for the department's major, policy-oriented staff functions, and because the data essential to these staff functions are the same as the data required for the few line functions to be assigned to this office. Remaining functions of the department do not so easily fall into groupings. Among the unassigned programs, there are many with overlapping purposes. It is impossible to separate them without drawing artificial dividing lines. Yet the vast scope and variety of the programs dictate that they be divided between the two remaining Assistant Secretaries.

It is proposed that responsibility for the remaining programs be divided between an "Assistant Secretary for Urban Renewal and Housing Assistance" and an "Assistant Secretary for Community and Metropolitan Development."

5. Assistant Secretary for Urban Renewal and Housing Assistance.

This Assistant Secretary will be a line officer concerned with welfare oriented and other programs whose clientele would to a great extent be found in the central city. Urban renewal is being used increasingly as sites for low-rent public housing, both new and rehabilitated, and for privately-financed low and moderate income housing, including relocation housing. Increasingly, the full resources of departmental programs for urban renewal, for housing, and for neighborhood facilities will be focused on individual urban neighborhoods so as to provide a coordinated departmental attack on the ills of urban life. Increasingly, too, the resources of the entire Federal Government, including those of the Department of Health, Education and Welfare and the Office of Economic Opportunity, will be devoted to a coordinated attack on inter-related urban problems. At this point in time, it is essential that the new department be organized to administer its segment of these inter-related programs with maximum coordination, maximum flexibility, and minimum regard for the source of Federal funds. Giving full line responsibility to the Assistant Secretary for Urban Renewal and Housing Assistance with respect to his sphere of interest will further this

purpose, especially with respect to relocation, rehabilitation, land acquisition standards, and bond financing activities that cut across several of the programs for which he is responsible.

More specifically, it is proposed that this Assistant Secretary administer the low-rent housing program under the U. S. Housing Act of 1937 and the urban renewal program under Title I of the Housing Act of 1949. In addition, he would have responsibility for rehabilitation loan and grant programs authorized in 1964 and 1965 and the neighborhood facility program authorized in 1965. A single office under this Assistant Secretary will also administer cash relocation payments in connection with all departmental programs. All these functions are largely welfare and central-city oriented. The urban beautification program authorized in 1965 will be added to this grouping.

The open-space land program presents a special problem. Creation of a small open space in an urban renewal area will have quite a different purpose than the preservation of a large open space in the path of a city's growth where an important motive may be to change the direction of that growth. Accordingly, responsibility for open-space land assistance should be divided between the Assistant Secretary for Urban Renewal and Housing Assistance and the Assistant Secretary for Community and Metropolitan Development, depending on the size and purpose of the open space being assisted. Any small inconvenience which may result from this division at the Washington level is

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warranted by the benefits resulting from organizing departmental functions according to major purposes. Also, such a division of responsibility in Washington need not be extended to the field where clients of the program could be served by a unified staff.

Careful thought must be given to assigning responsibility for determining whether a locality has an adequate workable program for community improvement. Unless such a local program is approved by the Secretary or his designee, the locality will be ineligible to receive certain urban renewal, low-rent public housing, and mortgage insurance aids. The Congress, in adopting this provision in 1954, prohibited delegation of approval authority by the Housing Administrator. The departmental act repealed this prohibition so that the Secretary would not be required to perform the function personally. Nevertheless, it is probable that the intent of the Congress was for this formerly non-delegable function to be administered not below the level of an Assistant Secretary. An argument can be made for delegating the function to the Assistant Secretary for Policy and Program Analysis on the grounds that it cuts across several departmental programs; or to the Assistant Secretary for Community and Metropolitan Development on the grounds that some of the elements of the workable program could be developed with assistance under the comprehensive planning grant program to be assigned to him; or to the Assistant Secretary for Urban Renewal and Housing Assistance on the grounds that the major purpose of this function and the major purpose of the several programs administered

under this Assistant Secretary are most closely interrelated.

On balance, it is preferable that the function be assigned to the Assistant Secretary for Urban Renewal and Housing Assistance whose other functions make him most familiar with the problems involved and the people concerned. This is the overriding consideration, particularly when the workable program is viewed not merely as a requirement to be met in order to receive other Federal aids, but as another tool to be used imaginatively for the improvement of unsatisfactory living conditions in the community. When the function is viewed in this light, the programs of the Assistant Secretary for Community and Metropolitan Development appear less relevant to the function because his programs are addressed primarily to problems of urban growth and not to problems of inherited urban blight.

It would also seem undesirable to burden the Assistant Secretary for Policy and Program Analysis with operating problems in individual localities, since this Assistant Secretary is primarily engaged in staff functions relating to overall National policies and programs. The workable program function will actually be administered primarily in the field, and the Assistant Secretary for Urban Renewal and Housing Assistance will have far more occasions to work with departmental field offices on closely related operating matters than will the Assistant Secretary for Policy and Program Analysis.

Programs of low-interest-rate direct loans for rental housing

for the elderly and for college housing are essentially "housing assistance" programs. It would be appropriate that offices handling these programs fall within the sphere of responsibility of the Assistant Secretary for Urban Renewal and Housing Assistance. In the college program the department will deal directly with colleges and universities. This is not true of the department's academic facilities functions and school construction functions performed under delegations of authority from the Department of Health, Education and Welfare. In the academic facilities program the sponsoring agency is the State Department of higher education and not individual colleges and universities. There may be some minor disadvantages in separating the academic facilities functions from the college housing program. But it seems reasonable that they be performed under the supervision of the Assistant Secretary for Community and Metropolitan Development because the functions delegated are technical in nature and limited to public works aspects of the HEW programs.

6. Assistant Secretary for Community and Metropolitan Development.

This Assistant Secretary will be a line officer largely concerned with programs having a major effect on the structure and development of entire urban or metropolitan areas. Program clientele would be found not only in the central city but also in suburban areas and in the metropolitan area as a whole. Indeed, most of the clients would be either outside the central city (as in the case of advance land

acquisition) or both in the central city and the suburbs (as in the case of mass transportation). The one unifying characteristic of the programs to be concentrated in this Assistant Secretary is that they are (or, ideally, should be in the case of public facility loans) subject to comprehensive planning requirements. The one program similarly conditioned that would not be assigned to this Assistant Secretary -- mortgage insurance for large scale land development -- is necessarily resident in the FHA in view of the involvement of the FHA mortgage insurance fund.

More specifically, the Assistant Secretary for Community and Metropolitan Development will administer urban planning assistance under Section 701 of the Housing Act of 1954, public works planning advances under Section 702 of that Act, mass transit programs, loans and grants for basic water and sewer facilities, loans for other public facilities, and the recently enacted program of grants for advance acquisition of land for the future construction of public works or community facilities. In addition, financial assistance for preserving major open spaces would be one of his responsibilities. All these programs should be directed toward achievement of effective and comprehensive planning in community and metropolitan development. The history of public works planning advances and public facility loan assistance indicates, however, that they have not been exploited at their greatest potential in the orderly development of urban areas.

If these programs (some having their roots in public works legislation dating to 1932 and 1933 and others in urban development legislation first enacted in 1961 or 1965) are to be used flexibly and effectively in improving the total urban environment, it seems timely that full line responsibility for all of them be vested in the Assistant Secretary for Community and Metropolitan Development.

7. Role of Officials Specializing in Individual Programs. Assignment of line authority to the Assistant Secretaries will carry authority to approve policies, procedures and other directives relating to programs administered under their supervision. It would not, however, prevent them from making extensive delegations of authority to officials at the bureau level concerned with specific programs. On the contrary, these officials, at the least, will have the important function of preparing and perfecting the technical standards and procedures for their respective programs. It is these technical standards and procedures which make it possible for the policies formulated at the Secretarial and Assistant Secretarial levels to be carried out with a reasonable degree of consistency in the field. Officials concerned with specific programs would also perform the related functions of providing staff advice to the Assistant Secretaries in the development of program policies; and would furnish technical staff assistance to the regions, including assistance in the interpretation of program standards and in the solving of specific problems.

**B. Other Officers Reporting to the Secretary**

In addition to officers appointed or approved by the President, there will be a number of other officers who ought to report directly to the Secretary. Each of these officers will have staff responsibilities affecting all or many of the functions of the department. Span of control considerations require that no officer report directly to the Secretary unless his function involves importance or delicacy requiring the personal attention of the Secretary, or unless there are considerations of protocol preventing the function from being placed at a lower level.

Officers reporting to the Secretary would include the heads of the following offices:

1. Congressional Liaison;
2. Public Affairs;
3. Urban Program Coordination (partly because of protocol in relation to other departments and agencies, and partly because of Congressional expectations arising out of the legislative history that was made in the Senate);
4. Office of International Affairs (as a matter of protocol in relation to foreign organizations and visitors);
5. Inspection, including separate units for audit and compliance and a labor office whose day-to-day functions will largely involve compliance (partly because of the advantages that result from

separating these inspection offices from the operating offices that are inspected); and

6. Civil Rights, including separate offices concerned with policy formulation and with compliance.

C. Field Office Organization

A major purpose in establishing the new department was to secure more integrated management of its closely interrelated programs. The department's operations are addressed largely to local problems of urban decay and rapid growth. While most of our communities share similar local problems, they occur in specific local form and their solutions must be specific and local. Coordinated and flexible use of the various departmental aids for urban development must be achieved primarily at the field level where programs are carried out.

Accordingly, organization of field offices should be designed to strengthen the authority and ability of field office staffs to process applications of federal urban development aids with a minimum of Washington office case-by-case review, except post review.

It is proposed that the Secretary be represented in the field by seven Regional Directors. In those programs for which Assistant Secretaries have line authority, clear and direct lines of authority would flow from the Secretary, through the Assistant Secretaries, to the Regional Directors. Decentralized major programs will be

directed in each regional office by a Deputy Regional Director for the specific major program concerned.

Regional Directors will communicate freely with the Secretary and Assistant Secretaries. Deputy Regional Directors will be encouraged to communicate on technical matters directly with Washington officials who are below the level of the Assistant Secretaries and who have specialized program responsibilities. However, such freedom of communication on technical matters is not intended to alter the flow of line authority from the Secretary, through the Assistant Secretaries with respect to programs under their supervision, to the Regional Directors and the Deputy Regional Directors.

In order to expedite communications with respect to technical matters, a field office service center will be established in Washington, headed by a non-policy making director. This office will provide more efficient communications, including transmittal of documents and information, between Washington and the Regional offices. The director of the office will have no authority over any field official, nor will he participate, except occasionally in an advisory or informal capacity, in the preparation of instructions to the field.

Deputy Regional Directors are expected to carry the main burden of administering the operations of programs assigned to them in the regional area. Regional Directors are expected to supervise and maintain surveillance over the broad spectrum of program activities

for which they are responsible, but it will be patently impossible for a Regional Director to concern himself with the detailed supervision of all of the programs. He will have to concern himself rather with major problems, such as problems of program relationships, problems having important public relations or political implications, and metropolitan area, locality, or project situations which require a judgment beyond the context of a single operating program. In general, the Regional Director will be expected to be able to deal with local officials in regard to their overall programs of housing and urban development in relation to the programs of the department.

Another organizational objective of the department will be to have representatives physically stationed in each of the major metropolitan centers who can represent the department and all of its programs with some degree of authority.

Within the departmental regional office structure, there will be an office or offices reporting to the departmental Regional Director to assist him in reviewing and coordinating proposed program actions impinging on other program actions of the department, and to advise and assist localities with problems involving a wide range of departmental programs.

There will also be established in regional offices groups of specialists and generalists organized on a geographic area basis, who will be expected to be familiar with the housing and development situation in the cities and metropolitan areas within their geographic areas, and particularly with housing market problems and comprehensive planning objectives of the localities. All market data available from any source in the department, including comprehensive market analyses, will be furnished these offices, and common market interpretations will be supplied for application by all elements of the department. These offices might also review and approve local comprehensive plans where such approval is a prerequisite to individual project actions in the various programs of the department. Advice and assistance could thus be provided to representatives of cities in comprehensive metropolitan area planning and in market aspects of departmental programs, as well as on the range of program assistance which can be made available to help cities attack housing and urban development problems.

The broad organizational pattern sketched above is suitable and readily achievable for all departmental programs other than those of the FHA. In the case of the FHA, special circumstances must be taken into consideration.

FHA has no existing regional offices similar to those of other HHPA constituents which could readily be made a part of the departmental regional pattern. FEA's "Zone Commissioners" to some extent supervise, and communicate with, FEA field offices, but they do so out of Washington and their activities do not extend in depth to many of the important programs carried out in the field. Similarly, the FEA's Multifamily Housing Representatives, although stationed in the field, perform technical or advisory functions on behalf of the Washington office of the Assistant FEA Commissioner for Multifamily Housing. To an even greater extent than the Zone Commissioners, Multifamily Housing Representatives limit their activities to a part of the FEA's programs. Thus, neither the Zone Commissioners nor the Multifamily Housing Representatives are comparable to regional officers of the HHPA who have been responsible for public housing, urban renewal, community facility and FHPA programs.

The basic field office unit in the FEA is the insuring office, of which there are seventy-six. These local offices are thus not comparable to the other field offices of the HHPA, each of which has jurisdiction over several states.

Quite apart from the foregoing differences, there is a significant difference in the type of workload handled by FEA offices and other field or regional offices of the HHPA. The bulk of applications for mortgage insurance processed by FEA field offices

relate to sales housing, both new and existing. Generally these applications are processed without necessity for inter-program coordination, or consideration of any other broad policy problems. That is to say, the bulk of the insurance processing in the FHA field offices is carried out in accordance with established technical and procedural instructions without need for policy supervision in the field above the level of the field office director.

For these reasons the proposed organization of the departmental regional offices will not affect the bulk of the work of the FHA field offices. However, there are a number of important FEA functions that are interrelated with other departmental programs. They must be coordinated with those programs both as to policy and execution. To accomplish this coordination, there will be in each departmental regional office a Deputy Regional Director for FEA matters. As in the case of other Deputy Regional Directors, he will be a member of the staff of the Regional Director. Under supervision of the Regional Director, he will perform supervisory functions in connection with those FEA matters requiring departmental supervision and coordination. For example, these matters will include FEA's rent supplement program, Section 221(d)(3) below-the-market interest rate program, housing in urban renewal areas, urban renewal relocation housing, mortgage insurance for land development, assistance

to those sales housing sub-division large enough to be considered "new towns", and real property disposition where the property is large enough to warrant consideration for other program uses. Also, certain matters now referred by FEA field offices to Washington could be referred instead to the Deputy Regional Director.

Operations and activities of the types mentioned above must be integrated with departmental field activities if many of the important FEA programs are to make the greatest possible contribution to desirable and orderly urban development. Yet even in the case of these limited classes of FEA operations, it is expected that review activities by the Deputy Regional Director will normally affect only a minority of applications handled by the FEA field offices. Also, it is intended that regular processing of applications will remain a field office function, rather than a regional office function, even in the limited categories of cases that may be subjected to regional office review.

SCHLEI

File

H. V. D.

(Dept Housing  
Urban Developm.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Interim Order I

(Effective November 9, 1965)

1. Purpose

The President, <sup>I</sup> <sup>asked</sup> <sup>carry on as principal</sup> having requested me to ~~administer the functions~~ <sup>of</sup> ~~transferred by Public Law 89-174~~ <sup>to the Department of Housing and Urban Development</sup> pending the appointment of the <sup>HUD</sup> Secretary of the <sup>under high level app. authority</sup> Department, this Interim Order I is issued to provide for continuity <sup>in the performance of the</sup> ~~of these functions~~ <sup>transferred by Public Law 89-174</sup> until changed by appropriate authority. <sup>to the Dept of HUD</sup>

2. Nomenclature changes

References to the "Housing and Home Finance Administrator" or "Administrator" appearing in a rule, regulation, order, authorization, delegation, or other action continued in effect under section 9(c) of the Act shall hereafter be deemed to refer to the <sup>said</sup> Administrator, <sup>principal</sup> as ~~executive head~~ <sup>in</sup> of the Department pending the appointment of the Secretary.

3. Certain offices or positions and organizational units; delegation of Authority.

The offices or positions and organizational units in the Department

shall include, in addition to those otherwise prescribed:

<u>Office or Position</u>	<u>Respective Organizational Unit</u>
Federal Housing Commissioner	Federal Housing Administration
Public Housing Commissioner	Public Housing Administration
Community Facilities Commissioner	Community Facilities Administration
Urban Renewal Commissioner	Urban Renewal Administration.

Each officer or employee appointed to, or designated to act in, the office or position listed immediately above and each organizational unit so listed is hereby authorized to exercise the functions, powers, and duties vested in, or delegated or assigned to, the office or position or officer or employee or organizational unit having the same title immediately prior to the effective date of the Act, and to redelegate and authorize successive redelegations of such authority to the extent empowered under authority vested, delegated, or assigned immediately prior to the effective date of the Act.

4. Applicability of rules, regulations, orders, authorizations, delegations, or other actions continued in effect.

Subject to paragraph 2, a reference in a rule, regulation, order, authorization, delegation, or other action continued in effect under section 9(c) of the Act to an office or position, officer or employee, or organizational unit (including board or committee) shall be deemed to refer to the office or position, officer or employee, or organizational unit having the same title in the Department.

5. Conclusive evidence of authority.

Any instrument or document, including an instrument purporting to transfer any right, title, or interest in or to real or personal property, executed by an officer or employee of the Department under the authority of this Order shall be conclusive evidence of the authority of such officer or employee to execute such instrument or document.

6. Custody of and accountability for assets and liabilities.

The assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, allotments, or other funds transferred by Public Law 89-174 shall be in the custody and subject to the accountability of the office or position, officer or employee, or organizational unit, responsible for such custody and accountability immediately prior to the effective date of the Act.

Effective as of the 9th day of November 1965.

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HOUSING AND HOME FINANCE ADMINISTRATOR,  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

November 8, 1965

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Interim Order I

(Effective November 9, 1965)

1. Purpose

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2. Nomenclature changes

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HOUSING AND HOME FINANCE ADMINISTRATOR,  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

November 8, 1965

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Interim Order I

(Effective November 9, 1965)

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~~as executive head of the Department pending the appointment of the~~ *Dep't of*  
 Secretary. *H.U.D.*

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Effective as of the 9th day of November 1965.

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HOUSING AND HOME FINANCE ADMINISTRATOR,  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

November 8, 1965

C. F.

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F/1170

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6505 Valley Court  
Falls Church, Virginia

October 21, 1965

PERSONAL AND CONFIDENTIAL

MEMORANDUM FOR

Honorable Joseph A. Califano, Jr.  
Special Assistant to the President

I am writing this memorandum with the understanding that I am doing so as a private citizen and that my views do not necessarily correspond with those of the Housing and Home Finance Agency, the National Association of Home Builders, or others.

To understand what is happening in the housing industry I think it is necessary to go back to the postwar era during the period from the close of World War II through the mid to late 1950's. The problem was sheer inadequacy of housing. Almost anyone could go into the homebuilding game, do a reasonably good job of providing shelter, and find a ready customer willing to buy his product. Suburbia grew like wild fire across the face of the country with most of the subdivision developments laid out simply as a grid with very little land planning, little provision for recreation facilities, and little attention to beautification such as preservation of trees. Streets and sidewalks were quickly laid out and houses built as fast as nails could be pounded. Most of the homes were just fine for the new households which came into being during this boom period and proved to be a good value.

With the adjustment in the boom period starting in the late 1950's, builders to sell their product had to be more and more sophisticated. They had to be better planners, better businessmen, and better builders. Many who had been in the homebuilding business fell by the wayside either through bankruptcy, lack of work, or because they had "made their bundle" and went into some other business.

The construction of multi-family units also has played a greater and greater role with multi-family starts amounting to approximately one-third of total starts. As we gradually came out of the recession in 1961, housing starts rather than increasing substantially, as our gross national product grew and our economy prospered, leveled off at a rate of about 1,500,000 new units a year with about 500,000 of these units in multi-family. During this period there has also not been the anticipated growth in public housing and this has limped along pretty much at the same rate as it had for years.

## Position Paper II

### ROLE OF REGIONAL REPRESENTATIVES IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### A. BACKGROUND CONSIDERATIONS

The housing, planning, urban renewal, public works and other urban development programs of the Department of Housing and Urban Development are many; are complex; involve different forms of aid; require the exercise of varied professional skills; and provide assistance to diverse groups, including States and State agencies, municipalities and several types of special-purpose local public agencies, and many categories of builders, lenders and consumers. As a result, even at the narrowest local level where the programs are applied, their detailed administration cannot be turned over to small groups of generalists. Yet, all the programs of the Department are addressed to closely interrelated problems having their roots in rapid urban growth and urban decay, and unless generalists provide coordinated administration, there is bound to be duplication and financial waste. Even more important is the fact that uncoordinated local programs may actually conflict with, or negate, each other. Nor is it sufficient to achieve program policy coordination at the Washington and regional levels. While many of our communities have similar local problems requiring

generally similar solutions, the problems occur in uniquely local combinations and their solutions must be hammered out locally, utilizing appropriate Federal, State and local aids in varying combinations.

The pattern of organization of the Department's regional and field offices and the role of the Regional Representatives must thus reflect a delicate balance between the need for specialized administration of a large number of highly complex individual programs and the need for applying these programs in each locality in a coordinated manner and with full regard for peculiarly local conditions. A complicating factor which must be taken into account in striking this balance is the fact that the various programs administered by the Department of Housing and Urban Development need to be closely coordinated in each locality with programs of other Federal departments and agencies, particularly the Departments of Health, Education and Welfare, of Commerce, and of the Interior, and the Office of Economic Opportunity.

B. PLACE OF THE REGIONAL REPRESENTATIVES IN THE REGIONAL OFFICE STRUCTURE

It is proposed that Regional Representatives be assigned to the Departmental Regional Offices. The Representatives will be expected to be familiar with the over-all housing and urban development situations in specific cities or metropolitan areas. Some of them will

be assigned to work in a single metropolitan area or large city, while others, traveling out of the Regional Office, will be assigned to work with groups of smaller towns or cities within a geographic area. In the early days of the Department, it is expected that a few Regional Representatives will be assigned to individual metropolitan areas, but the number of Representatives so assigned would gradually be increased at a rate depending on funding and on practical problems of recruitment and training. Eventually, there may be a Representative stationed in most of the 227 standard metropolitan statistical areas.

All the Regional Representatives, whether permanently stationed in a metropolitan area (or other large urban area) or traveling out of the Regional Office, would report to an Assistant or Deputy Regional Director who, under the supervision and direction of the Regional Director, would be responsible for certain important functions that cut across the Department's specific programs. This Assistant or Deputy Regional Director would have responsibilities, for the entire region, relating to comprehensive market analyses; comprehensive planning assistance; and the administration of the requirement governing some Departmental programs that the aided locality have a "workable program for community improvement". This Assistant or Deputy Regional Director would also be responsible for

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reviewing and approving local comprehensive plans where such approval is a prerequisite to individual project actions in the various programs of the Department.

**C. FUNCTIONS OF THE REGIONAL REPRESENTATIVES**

It is proposed that the Regional Representative perform, with respect to the locality or localities to which he is assigned, the following separate, but closely related, functions:

(1) Comprehensive Planning Assistance. The President's Message to the Congress of March 2 on the "Problems and Future of the Central City and Its Suburbs" stated that the Regional Representative would "assist, where assistance is requested, in the development of metropolitan area plans". Under Section 701 of the Housing Act of 1954, Federal grants of 2/3 (or in some cases 3/4) of the cost of preparing comprehensive urban plans may be made to State, metropolitan and regional planning agencies. In addition to making the grant funds available, the Department is authorized to provide technical assistance for areawide metropolitan planning.

(2) Administration of Comprehensive Planning Requirements. Certain Federal grants and other financial aids, such as those for mass transportation, the provision of open spaces, and basic sewer and water facilities, are conditioned on a finding by the Department that the aided project is consistent with local comprehensive urban

plans or planning. Because the Regional Representative for the locality would be expected to be the Departmental official most familiar with over-all urban development problems and plans of the locality, he would have an important function in assisting the Regional Director in the administration of these important requirements.

(3) Approval of Workable Programs for Community Improvement. For reasons similar to those stated in item (2), the Regional Representative would have an important function in assisting the Regional Director in administering the "workable program" requirement under the Housing Act of 1949. That Act requires a locality to have an approved workable program for its own over-all community improvement in order to receive the benefits of Departmental aids for low-rent public housing or for urban renewal, including FHA mortgage insurance for urban renewal housing.

(4) Informational, Advisory and Liaison Functions. The Regional Representative would also perform general informational, advisory and liaison functions relating to the availability, processing, and coordination of Departmental program aids. He would in no sense be exercising any local governmental powers and his assistance would be given, as the President stated, when requested.

(5) Assistance With Respect to Programs of Other Federal Departments and Agencies. In addition to the need for coordinating the many interrelated programs administered by the Department, there is need for coordination, at the local level, among programs of the Department and programs of other Federal departments and agencies that importantly affect urban development and also of coordination among Federal, State and local programs. Regional Representatives can perform several functions that would be helpful in achieving such coordination.

First, the Representative should become generally familiar with all Federal, State and local programs available in the area that have an impact on urban development so that he may recognize their interrelationships. This will enable him to consult intelligently with other appropriate officials whenever necessary to the sensible exercise of his own responsibilities.

Second, the Regional Representative could assist local officials by calling to their attention the availability of aids administered by other agencies as well as the pitfalls involved in failures of coordination. Especially in the case of smaller communities, local officials will often find it helpful if the Regional Representative performs a clearinghouse informational service or referral service with respect to programs of other departments and agencies.

Third, where the Federal departments and agencies concerned have laid the appropriate foundation in Washington for cooperation under clear understandings as to divisions of responsibility and cross-delegations of authority, it may be possible for the Regional Representative to perform certain functions on behalf of other departments and agencies. This would be done in smaller communities where an unusual degree of interdepartmental cooperation is a useful device for stretching the limited, available Federal staff resources. It could also be done in larger communities where highly coordinated attacks are made on complex and closely interrelated urban problems. In neither case would the Regional Representative perform any function on behalf of another Federal department or agency except under clear delegation of authority from that department or agency. Such delegations could permit the Regional Representative to act as a liaison officer for other agencies with respect to some of their programs in the locality. For example, the Representative could furnish application forms and informational materials relating to programs of the other agency; could assist in filling out application forms; and could perform other expediting functions beyond the sphere of responsibility of the Department of Housing and Urban Development. The other departments and agencies would, of course, provide back-up assistance in the form of materials and instructions.

In effect, the Representative would be performing a limited "one-stop" service and a limited coordinating service on behalf of two or more Federal agencies. Without minimizing the important extent to which such services could be helpful both to small communities which are distant from most Federal offices and to large communities involved in a concerted attack on urban problems, it is nevertheless important to recognize the substantial limitations inherent in such services. One limitation arises from the complexity of Federal aid programs and the fact that enabling legislation and detailed regulations and procedures are often technical, voluminous, and subject to constant revision. Under these circumstances, it is not feasible for an agency to delegate very extensive responsibilities for a specific program, let alone several programs, to generalists on its own staff, let alone generalists on the staff of some other agency.

Secondly, quite apart from the necessarily limited scope of such delegations, there are intrinsic difficulties in achieving (solely through interdepartmental administrative devices) local, project-by-project coordination of numerous complex and interrelated urban development activities. These difficulties are briefly stated in the report of the Senate Committee on Government Operations on the legislation establishing the Department of Housing and Urban Development

(Sen. Report 536, 89th Cong., dated August 2, 1965). That report, at page 11, contains the following statement:

"Unless meaningful and effective comprehensive planning--whether federally aided or not--is being carried out by the locality itself, no amount of coordination by Federal agencies can achieve sensible local development. It is for this reason that the existence of appropriate comprehensive local plans has been made by the Congress a prerequisite for many forms of Federal development aid.

"During the time that an airport or a highway is in its preliminary planning stage, it is often too early to achieve meaningful coordination by relying on intergovernmental conferences involving perhaps 10 or more State and local agencies and 2 or 3 Federal agencies. The subject matter of the conference at this early planning stage is typically too indefinite to provide a basis for agreement among so many interested parties. After an airport or a highway is in a very advanced stage of planning, it is often too late to achieve coordination among numerous interested agencies by any means other than wasteful and time-consuming conflict. By then, much money has been spent on planning; deadline dates are approaching; and the pressures are too great to get on with breaking ground. Thus, a major tool for achieving sensible urban development will always be the coordination of planning for specific projects against a background of preexisting comprehensive planning carried on for the entire local area by the local officials themselves. Federal assistance to localities for such comprehensive local urban planning would be a function of the proposed new Department and a major device for coordinating local development projects, including many which receive aid under programs of other Federal departments and agencies."

In effect, the Committee Report suggests that coordination of Federally aided urban development projects is most effectively furthered when interdepartmental liaison and expediting functions are exercised along with comprehensive planning functions.

It should perhaps be noted that the limited "one-stop" service described above bears only superficial resemblance to the broad

"one-stop" Federal service for municipalities that has often been recommended. Complete or nearly complete "one-stop" service is simply not feasible because the Federal Government's activities affecting urban areas are too many and too complex. For example, Federal airport responsibilities are properly vested in the Federal Aviation Agency because the primary purpose of the Federal aid and the major technical skills involved relate to air transportation, notwithstanding the important impact that airports have on urban development. Similarly, it is not feasible to administer the urban links of the Commerce Department's interstate highway system separately from the rest of the highway program or the urban aspects of HEW's air pollution program separately from the rest of that program. Indeed, if all the functions which in some important way relate to urban development were administered in depth by a single department, or by a single representative of several departments and agencies that department or representative would absorb such a miscellaneous grab bag of functions that it would merely give the appearance, but not the reality, of coordination.