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THE WHITE HOUSE
WASHINGTON

FG 170

December 22, 1965

TO: JACK VALENTI

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

Hm

Harry C. McPherson, Jr.

Attachments

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THE WHITE HOUSE
WASHINGTON

December 27, 1965

TO: JOE CALIFANO

Whitney Young's reservations about CAP going into HUD should be noted.

The Post on Saturday carried an essentially true story of the controversy. I expect it came from HUD or from one of Chet Rapkin's people, or OEO -- it said the task force had been meeting in a "downtown office building."

Harry C. McPherson, Jr.

Attachment

COPY

NATIONAL URBAN LEAGUE
INCORPORATED
NEW YORK, N. Y.

December
Twenty-fourth
1965

Dear Bob:

May I first take this opportunity to express the unprecedented pleasure I have experienced in working with this "secret" task force. Having had a number of assignments of similar nature, I can think of no other in which the members have exhibited such dedication, social commitment and authentig intellect.

Upon reading the final draft of the program recommendations and the suggestions for organizational structure of the new urban affairs department, I am convinced that a significant contribution has been made by our committee, in that our recommendations and suggestions are both feasible and meaningful.

As most of you are painfully aware, the one issue which I have struggled to resolve has been the recommendation of the transfer of the CAP program into HUD. I am sure that you appreciate the sincerity and motivation for this soul-searching. This letter, therefore, is to state officially - and for the record - what I have already discussed with you by phone regarding my final decision:

First, that while I agree wholeheartedly that for the reasons stated in the report it is both structurally sound and, in the long run, will be a source of protection and strength for both HUD and CAP to make this transfer, I am forced to have some reservations as to the timing of this transfer. My reservations are based on my lack of knowledge about the person who will be named secretary of this new department, particularly his personal and professional commitments. These, I feel, are crucial in achieving the purposes which we intend in recommending the transfer.

Secondly, I have not yet received sufficient tangible evidence that the present CAP program is doomed - either directly, or that it will be made ineffective and "watered down" through lack of financial or Administration support.

I am, therefore, not asking - as Kermit Gordon has done - that a dissent from the committee's recommendation on my part be indicated, but I do request that in the transmittal of the report and recommendations my reservations and concerns, such as are expressed in this letter, be made known to the President.

Again, let me say that it has been a great pleasure to have been associated with you and the members of this task force in this significant enterprise.

Sincerely yours,

(Signed)

Whitney M. Young, Jr.
Executive Director.

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

cc: Members of the Task Force
and Mr. McPherson
WMY/b

Administratively Confidential

PROPOSED PROGRAMS FOR THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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Administratively Confidential

PROPOSED PROGRAMS FOR THE

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1966 can be the year of the urban turnabout in American history.

In the last fifty years as this nation transformed itself from a rural to an urban society, we have given sporadic and piecemeal attention to the problems of planning, development, and redevelopment of our cities. But we have never undertaken a comprehensive and coordinated effort, involving both the public and private sectors of the economy, to build the best city this nation can. To date, we have failed to make the task of building cities a top priority item on the national agenda.

Last year the legislative program of your Administration laid the essential foundation for such an undertaking in the Housing and Urban Development Act of 1965 and by the establishment of the Department of Housing and Urban Development. This year, in the judgment of the Task Force, we can begin in earnest.

In the pages that follow the Task Force

---recites briefly the dimensions of the urban problem including those that are visible and commonplace and those that often pass unrecognized.

---proposes a new line of attack whose principal feature is a new national program of demonstration cities dramatic in impact but selective in application, carefully tailored to lead to successive stages in development.

---describes supplemental and supportive programs aimed at meeting our most pressing urban needs, proposed for the immediate study of the new Secretary and including demonstration projects in metropolitan planning. These programs are predicated on the organization of the Department along the lines recommended in our companion document.

THE PROBLEM: (1) The Character of the Challenge

One way to define "the urban problem" in the United States is in the conditions of life of our urban residents. Stating the problems in this way has been done many times before. They were the subject of last year's Task Force report that traced

---the great dimensions of unmet housing needs: some 7 million urban families live in homes of such disrepair as to violate housing code standards of major cities.

---the growth of population: 2 million new units of housing are needed each year for the foreseeable future -- an increase in the volume of production 25% greater than has ever been achieved before.

---the chronic inability of the country to provide low income housing of adequate quality at a reasonable price: we have failed to bring to housing efficient production methods now possible through technological and managerial advances, modern building codes and up-to-date work practices.

---the special problem of the poor and the Negro unable to move freely from racial ghettos and subject to heavy exploitation in the costs they pay for the necessities of life: 3 out of 10 slum houses are now occupied by Negroes, and at high rent levels the proportion of Negro families living in substandard housing is six times greater than that of white families.

---the inability of metropolitan areas to deal with the movement of people and goods, in particular the failure to provide adequate mass transportation for families who do not own an automobile or where use of private vehicles is unnecessary, uneconomical or socially undesirable.

---increasing pressures in municipal costs especially in the central cities in our metropolitan areas: between 1960-63 per capita expenditures for cities 1 million and over increased 36.3 per cent, compared to an average rise of 25.5 per cent for all American cities.

---unnecessary and unwarranted restrictions for the suburban American as well -- expressed in uniformity in housing choices, excessive costs of community facilities and services, gross deficiencies in recreation and leisure time opportunities.

---for all metropolitan residents, urban and suburban alike, unnecessary costs imposed by lengthy journeys to work, growing dangers from water and air pollution.

These "challenge" problems of the conditions of urban life are well-known. Their full dimensions are catalogued in the staff documents that accompany this report. Taken together, they rob Americans of freedom in everyday urban living. They restrict freedom of choice in residence, in environment, in use of time, in equal opportunities for the urban newcomer and the disadvantaged. They impose high costs in crime, delinquency, welfare loads, disease and health hazards. They prevent achieving the goal of "open options" in a great society.

THE PROBLEM: (2) The Inadequacy of the Present Response

A second set of problems, however, are of the "response" character: less visible and more operational, but just as important to recognize. It is on these problems that the Task Force has focused, for it is persuaded that despite the many benefits in the array of urban programs now authorized, they are inadequate to the present challenge.

---the size and scale of urban aids have been too small and too diffused to have guided the process of urban development: they proceed with too little consideration given to the impact on our natural environment, to the costs placed on governments, to the windfalls accruing to the few, and to the public interest of the metropolitan community at large.

---the benefits and efficiencies that can accrue from metropolitan planning and development programs are still unrealized in too many of our large urban regions.

---funds for metropolitan transportation planning and demonstrations are inadequate and about to lapse.

---present aid programs have often had the effect of entrenching archaic and wasteful practices in real estate taxation, building codes, construction technology and contractor and building trades practices.

---the administration of the programs has been too much oriented to specific functions, leaving gaps in urban needs for which no effective response exists.

---the effectiveness of the programs that do exist is impaired by division of authority among many agencies and many levels of government and by the failure to build Federal field structures equipped with adequate authority and competence.

---inadequate resources, ineffective organization and management arrangements unduly protract the time of execution of many projects and programs, further impairing their effectiveness in meeting the challenges of urban growth.

---most serious of all, the goals of major federal programs have often conflicted and been unreconciled in their application to the individual metropolitan area, some working to the revitalization of the central city, some accelerating suburban growth, some encouraging new urban clusters, all making difficult the development of a clear national strategy for city building.

THE PRESENT SITUATION

The pressing new needs of urban life, and the inadequate responses, often produce frustration and stalemate in our efforts to guide urban growth. Without discounting the substantial specific accomplishments of particular urban programs, any serious analysis exposes some major dilemmas of public choice.

---efforts to rebuild and renew blighted areas of the central core on a project-by-project basis have caused in many instances substantial relocation of the poor, resulting in unnecessary hardships in changing the composition of neighborhoods.

---efforts to improve the conditions of established neighborhoods and low-income families, chiefly through rehabilitation, have failed

to alleviate racial ghettos and consequent de facto segregation, and have provoked predictions of a future central city overwhelmingly composed of low-income families, surrounded by economically well-to-do, politically indifferent suburbs.

---efforts to relieve traffic congestion have accelerated the diffusion of urban households and jobs, increasing private costs of commuting and public costs in community facilities and services.

---efforts to mount comprehensive attacks on air and water pollution, health problems indigenous to urban areas, have been blunted by the autonomy of local governments, some the generators of pollution, others the hapless recipients.

---efforts to involve urban residents in genuine participation in the process of development have cost heavily in time, as the great tide of urban growth rushes on.

---efforts to respond to immediate needs by known techniques of city-building have precluded consideration of available innovations in construction, financing, management, and building practices.

---efforts to build beautifully have been thwarted by those who lack the imagination to build both with beauty and economy.

So, citizens and public leaders alike have difficulty in grasping the total task involved in city building. Nor can they readily visualize the potential that now exists if our resources were effectively, forcefully, and imaginatively employed.

A NEW APPROACH

Given this situation, at a critical moment of urban life, the Task Force believes that a dramatic new approach is required built on three principles:

---the concentration of available and special resources in sufficient magnitude to demonstrate swiftly what qualified urban communities can do and can become.

---the coordination of all available talent and aid on these targets in a way impossible where assistance is provided across the board and men and money must be spread thin.

---the mobilization of local leadership and initiative to assure that the key decisions as to the future of American cities are made by the citizens who live there, and to commit local leadership both public and private to a comprehensive attack on urban problems, freed from the constraints that have handicapped past efforts and inflated their costs.

The Task Force believes such an approach is fully consistent with national capabilities and will generate a new level of effort in the next five years that can resolve the dilemmas we have outlined. It escapes the limitations of piecemeal responses to the series of urban crises in race relations, the improvement of the environment and the provision of essential facilities and services. It will lead in three stages of a national program, to decent housing and neighborhoods for all our urban citizens by 1980 at a program cost to the Federal Government of $370 million per year in the first five years.

THE DEMONSTRATION CITY PROGRAM

The principal application of these principles, the Task Force believes, is by the inauguration of a national program in city-building in which specially qualified communities execute plans of such size and scale that

---transform existing urban complexes into tangible modern new cities

---tie together both physical and human resource programs that too often have been handled separately

---develop and test methods and programs capable of extension throughout the United States

---bring to bear all the techniques and talents of which our technology is capable.

THE GENERAL NATURE OF THE PROGRAM

We propose a program that would select on the basis of criteria outlined below 6 cities with populations over 500,000, 10 cities with populations between 250,000 and 500,000, and 50 cities with populations below 250,000

---The number of cities recommended was determined to assure a competition open to all communities, and an appropriate distribution of those finally selected by size and region, within cost estimates that are reasonable in terms of the nation's present gross national product and size of the Federal Budget.

---The selection process would proceed in two stages. First, all American cities would be invited to make general proposals for action programs designed to have a major impact on the living conditions of their citizens. Second, after the most promising of these programs had been determined by a special Presidential commission, the communities so qualified would prepare more detailed proposals, supported in part by Federal planning grants in the amount of $3 million proportionately advanced to selected cities.

To make sure that the programs proposed are sufficient to achieve our basic purpose of substantial impact these minimum standards are recommended.

For cities over 500,000 the program would provide decent housing for a minimum of 5,000 families now living in substandard dwelling units, rehabilitating and refurbishing other marginal housing to affect an estimated total of 15,000 families or approximately 50,000 people. (The Task Force estimates a typical program would involve a total of 24,000 units or 80,000 people.)

For cities between 250,000 and 500,000 the program would rehouse at least 2,500 families now in substandard units, and involve a total of 7,500 households or 25,000 people. (The Task Force estimates a typical program would involve 12,000 units or 40,000 people.)

For cities under 250,000 percentage estimates would apply, starting with a minimum of 25% of total substandard units. (In the case of a city of about 100,000 this might involve rehousing 1,000 families now in substandard units, and treating a total of 3,000 units affecting 10,000 people.)

The objective is to completely eliminate blight in the designated area and to replace it with attractive, economic housing in a neighborhood with amenities essential to a full life. The techniques can be all embracing, including clearance, rehabilitation and combinations of both.

For example, in Washington, D. C., where 23,000 out of a total of 260,000 units are substandard, a typical program would affect 1/3 of the total number of families living in slum dwellings, have a decisive impact on 10% of the total housing supply and change the face of an area approximately two square miles.

But more than housing is involved in the transformation of a city. At least three other key components are required:

---a change in the total environment of the area affected, with ample provision of public facilities: schools, hospitals, parks, playgrounds, and community centers.

---concurrent attention to human needs, utilizing concepts and methods tested in the Community Action Program and providing for the participation by people affected in demonstration areas, the character of population to be attracted, and for those who might move elsewhere. Depending on the character of the housing stock of a particular community, a competition program might link two cities in a common endeavor, in which a central area makes provisions for middle-income households now excluded by high costs, while an adjacent suburb could provide more heterogeneous accommodations to the benefit of each.

---provision to assure the economic stability and vitality of the community by including commercial and industrial elements that provide jobs and services for central city residents.

Thus the demonstration program differs sharply from the present package of programs such as urban renewal by stressing:

---massive additions to the total supply of low and moderate-cost housing, providing decent housing for families now living in substandard conditions,

---a total approach combining physical rebuilding with human concerns and social programs,

---increased flexibility for local governments to operate outside existing administrative structures and other customary constraints.

---willingness to change traditional patterns of building regulation and trade practices.

CRITERIA

The Task Force does not believe that substantive standards as to specific program content should be established -- percentages of housing units to be demolished or rehabilitated, for example, or the number of school classrooms or hospital beds a given population requires. It does believe that certain criteria respecting the scope, broad character, organizational, financial, and administrative arrangements are necessary.

To assure effective execution, it proposes these guidelines:

1. The demonstration should be of sufficient magnitude in both its physical and social dimensions so as to

---arrest trends of blight and decay in entire neighborhoods,

---have a substantial impact on the total development and environment of the city.

2. The demonstration should contribute directly toward closing the gap between the living and housing conditions of disadvantaged and minority groups and the rest of the community. This means

---measures to eliminate social and racial segregation, including assurance of equal opportunity in housing with appropriate financial aids such as rent supplements,

---a system of social services, with specific attention to quality education for youth and adult alike,

---major additions to the supply of community facilities and sound housing,

---maximum opportunities for employment of residents of the demonstration area in all phases of the program.

3. The demonstration should establish appropriate mechanisms to foster development of local leadership and widespread citizen participation

---in the planning and execution of the program

---with special emphasis on participation of people in the areas concerned

4. The demonstration should assure significant reductions in cost without reduction in quality by evidence

---that the structure of real estate taxation will not constitute a substantial deterrent to rehabilitation or new construction

---that building codes and other regulatory practices will be revised to modify any provisions which unnecessarily inflate costs

---that new cost-reducing technologies will be incorporated in construction to the maximum extent consistent with maintenance of quality

---that building trades contractors and workers will correct any existing policies or practices which reduce efficiency and raise costs.

5. The demonstration should make major improvements in the quality of the urban environment by encouraging

---a high quality of design of new buildings and improvements to existing structures

---strategic placement of parks, playgrounds, trees, land-scaping, malls, and other open space throughout the demonstration area

---the improvement and redesign of streets, parks, and public areas

---preservation of structures of historic interest or architectural merit, and careful attention to the blending of new and old structures

---the design of facilities and services to make the area a desirable place of residence for a broad cross-section of the population.

6. The demonstration should include a plan that demonstrates important advances in programs for the satisfactory relocation of people, businesses, and institutions displaced by actions, direct and indirect, taken in the demonstration program, where such relocation is an integral part of the total program and necessary. The components should include

---relocation housing available at costs commensurate with the incomes of displaced people.

---relocation housing in a variety of forms and financial frameworks, including small public housing projects, both of ownership and rental type, private housing with rent supplements, low-rent renovated buildings, and federal mortgage loan assistances.

---relocation assistance to include counseling services and payments for moving expenses, loans to small businesses, assistance in job placement and retraining where necessary, and income maintenance for persons temporarily unemployed.

7. There should be established in each demonstration city an appropriate development authority and administrative mechanism, not necessarily a formal unit of government, to arrive at maximum participation of broad community leadership and commitment of resources, both public and private, for the planning and implementation of the program. This to be evidenced by

---a serious commitment to the demonstration program on the part of the mayor, the city council, and where their operations are relevant to the demonstration, the state government and major independent local governmental units.

---intergovernmental agreements negotiated to facilitate joint action of central cities and neighboring communities where required to deal with problems such as relocation, mass transit, and recreation facilities.

---assurances of full participation and representation on the part of private leadership groups in business, labor, welfare agencies, and citizen organizations.

---land assembly and compensation powers adequate for the effectuation of the program.

8. The demonstration should show that the program has available adequate financial resources, including assurances of

---maintenance of the quality and scope of municipal services, both in the project area and in the remainder of the city.

---adequate appropriations to meet the city's share of the program's expenditures.

---commitments or market feasibility studies of the availability of anticipated private investment.

---maximum use of existing local, state, and federal programs.

---maximum inducement for private participation.

9. The demonstration should be programmed to:

---maintain or establish a predominantly residential character in the area selected.

---facilitate the transfer of new and rehabilitated housing to resident owners, cooperatives, and non-profit groups.

---extend for an initial five-year period, with provision for significant achievements within a two-year period.

---where appropriate, provide for phasing beyond the five-year period.

10. The demonstration should take into consideration and be consistent with

---existing general plans for the communities and metropolitan areas involved.

---transportation plans dealing with coordinated use of all appropriate modes of city and regional transportation, linking residents with other sectors of metropolitan areas.

COSTS

The Task Force has estimated the Federal subsidy needed for the demonstration programs on the basis of "unit blocks." That is, staff analysis has estimated the costs of treating a typical area containing a representative range of housing conditions in each of the three size categories of cities. Cost elements include physical improvements to housing, social programs necessary to achieve the human purposes of the demonstrations, and community facilities required for the improvement of the neighborhood.

These gross costs for a single demonstration unit are then totaled to estimate the gross costs of treating various areas in the three city categories, with only minor adjustments in some overhead items because of the change in scale. Estimated annual receipts from the sale of rehabilitated and new dwellings are then subtracted from these gross costs, and the extent of Federal subsidy is derived from this net cost figure.

The minimum and expected typical size of a demonstration area are shown for each size of city in Table I. Estimated gross expenditures for a typical demonstration in each size of city are shown in Table II. Annual outlays for the total program, minus annual receipts from the sale of housing, indicate an estimated total net cost of $2.3 billion for five years, of which the Federal share is approximately $1.9 billion (Table III).

In the first year the net cost to the Federal government will be $13,200,000 -- the cost of the initial preparation for the qualifying cities (roughly double the number eventually selected for the demonstration). In the next three years the net project costs will range between $757 and $890 million, with the Federal share pegged at 80%. Net total costs drop to $25 million in the fourth year. In the fifth year there is net income of $150 million because of the excess of receipts over gross costs. Further details of analysis are provided in staff documents.

Table I

Central City Demonstration Projects

Estimated Number of Households Affected in Each City by City Size Group

Population	Number of Demonstration Cities	Number of Households in Project in Each City			
		Minimum		Typical	
		Substandard	Total	Substandard	Total
500,000 or more	6	5,000	15,000	8,000	24,000
250,000 to 500,000	10	2,500	7,500	4,000	12,000
Less than 250,000	50	500*	1,500	650	2,000

* No less than 25 percent of substandard units in city

Table II

Central City Demonstration Projects

Estimated Gross Expenditures for Revitalization of Areas of 2,000, 12,000, and 24,000 Households
Assuming medium Costs and Clearance
(Amounts in Millions of Dollars)

Types of Cost	Number of Households Affected		
	2,000	12,000	24,000
Housing			
Acquisition	11.7	70.0	140.0
Demolition	.2	1.0	2.0
New housing to replace demolished units	2.0	12.0	24.0
Rehabilitation of remaining units	7.0	42.0	84.0
Community facilities	4.5	27.0	54.0
Social programs			
Community participation and organization (including staffing of facilities)	1.0	3.3	5.0
Programs-education, vocational training, etc.	.8	4.8	9.5
Relocation	1.0	6.0	12.0
Planning and administration			
"Seed money" for qualifying cities (Including expenses for approximately double the number of cities to be finally selected)	.1	.2	.3
Planning and administration in demonstration cities	3.0	5.0	7.0
TOTAL	31.3	171.3	337.8

Table III

Central City Demonstration Projects

Summary of Gross Costs, Receipts and Net Cost by Years for all Projects
(Amounts in Millions of Dollars)

Year	Gross Cost	Receipts	Total Net Costs
0	13.2	---	13.2
1	772.7	15.8	756.9
2	1027.4	241.5	785.9
3	1687.8	798.0	889.8
4	884.3	859.6	24.7
5	920.6	1071.0	-150.4
Total	5306.0	2985.9	2320.1
Federal Share (80 percent)			1856.1
Average Federal Share Per Year (Fiscal 1967-1972)			371.2

THE BENEFITS

The cities qualified in the final stage of the selection process would receive two types of Federal assistance:

---the complete array of available grants and urban aids now existing in housing, renewal, transportation, education, welfare and other related programs, to the maximum extent authorized by existing legislation, and allocated on a priority basis similar to that presently used in programs of the Office of Economic Opportunity.

---supplemental funds at a ratio of 80% federal -- 20 % local funds, representing the differences between the allowances available under existing aid programsand the demonstration program cost; subject to a maintenance of effort provision in which the fiscal effort of the community should not be less than 105% of its customary expenditures in the categories of aids required in the program, taking average expenditure of the three years immediately preceding as the base.

ADMINISTRATION AND FINANCING

To assure effective program execution and timely federal assistance, for each demonstration program

---a Federal coordinator should be assigned to the city to bring together and make available in coordinated fashion, all the relevant Federal aids.

---these funds, once authorized by the Federal agencies involved, should be made available in a common account drawn on at the discretion of the community in conformance to its program requirements and by certification of the expediter.

---the Federal share in total aids should be on an incentive basis: geared to increase as program performance indicates success in achieving or exceeding goals in unit cost reduction and not obligated to carry costs in excess of original program estimates (in effect reducing the Federal share of total costs in these instances).

DEMONSTRATION PROJECTS IN METROPOLITAN PLANNING

Although the Task Force believes the Demonstration City Program is the most effective way of accomplishing the urban turnabout, it is highly conscious of the geographical and jurisdictional constraints under which these programs will initially operate. We have already made clear some of the complications of large demonstrations that involve issues of rebuilding, relocation, and changes in population composition. Some of these problems will ultimately only be solved in the context of metropolitan areawide strategies.

Accordingly, the Task Force desires to encourage the many metropolitan planning agencies that, with the assistance of recent Federal legislation, have taken the first steps in fashioning these strategies. It believes effective metropolitan planning will increase the benefits of the Demonstration City Program; ease the tasks of the new Department at the regional level; and strengthen emerging intergovernmental collaborative arrangements vital to the orderly development of our large metropolitan areas.

The Task Force recommends a demonstration project in metropolitan planning in which the most advanced approaches and techniques would be employed including

---balanced consideration of physical and human development programs.

---coordinated treatment of alternative modes of regional transportation planning.

---technical innovations in metropolitan data banks, systems analysis and other new social science methods, and new educational and training programs.

---new arrangements for coordinating the developmental decisions of the different governments.

We propose six to ten planning demonstrations undertaken in a variety of metropolitan areas of differing locations and sizes. These demonstration projects should work closely with HUD in their contract consultants, review committees and central research programs to develop specialized personnel, methods and techniques.

The Task Force estimates the cost of developing this strategy at $650,000 per demonstration, for a total sum of $6,500,000 for the initial demonstrations. This figure is based on the experience of metropolitan planning studies presently funded by government departments, and constitutes, in our opinion, a most justifiable level of expenditures. The cost of this program would be spread over a three-year period.

ADVANCES IN CIVIL RIGHTS

In its organizational recommendations, the Task Force took note of the need to bring together and improve the operation of many of the programs concerned with securing the civil rights of all our citizens. We believe a further immediate step should be taken:

> ---the extension of the Executive Order barring discrimination in housing, to cover all housing that is legally subject to Federal direction. It is clear that at the present time there are continuing efforts to avoid the requirements of nondiscrimination by employing special routes of financing. These efforts not only impair the effectiveness of the total civil rights program but they place serious secondary economic and social barriers in a constructive urban development process, imposing unnecessary public costs and frictions.

NEW APPLICATION OF TECHNOLOGY

Major breakthroughs in construction technology and its application are essential corollaries to the demonstration cities. Accordingly, the Department should institute a program to provide incentives needed to stimulate research and development in the housing field by industries and universities. The program should stress the application of advanced techniques and new materials and products and the development of a sustained market in sufficient volume to realize the economies and cost reduction of mass production.

It could proceed through regional centers patterned after agricultural experimental stations with the cooperation of industry and builders to test products, methods and total structures.

OTHER LINES OF ATTACK FOR FUTURE STUDY

The demonstration programs the Task Force recommends are conceived as keystones of a new approach to urban development -- first priority items. By and of themselves, however, they cannot achieve

the complete policy redirection present urban programs require. They should be accompanied by changes in existing programs that strengthen our total national effort and that are consistent with the organizational arrangements of the new Department. In our judgment, at least seven major steps are appropriately among the first items of business for the Secretary's attention:

---comprehensive analysis and appraisal of the role of the Federal government in assisting the building of entirely new urban communities as alternatives to the unplanned development at the fringe of our metropolitan areas.

---inauguration of major research and development activities focused on innovations in technology and management in urban design, data processing, planning, and construction, including tangible encouragement to communities that adopt and apply advanced techniques.

---preparation of a new grant-in-aid program to meet the needs for increased operating expenditures in the cities.

---reformulation of policies in housing credit and insurance to deal more effectively with special categories of housing needs.

---preparation and application of a metropolitan "workable program" to offer a consistent, comprehensive guide for Federal aid programs that have a major influence on the pattern of urban development.

---a program of short-term options for advanced land acquisition by public agencies to combat speculative escalation of urban land prices.

---careful examination of new alternatives in the field of civil rights and housing to expand the nation's efforts in this vital area.

---renewed attention to the urban transportation programs, including the preparation of a new program for the coordination of transportation facilities into integrated, modern, complete transportation systems.

1. New Communities

Our existing urban centers, however revitalized and rebuilt, cannot

accommodate all the urban Americans of the next generation. Even if present migration trends are stabilized, the Task Force does not recommend a return to the high densities and congestion of cities of the past. With three million new residents added each year to our present urban population, new communities and new patterns of land use are inevitable.

To provide an alternative to suburban sprawl, entirely new concepts of community design are required. Prototypes of these "new towns" are now coming into being, as in Reston, Virginia and Irvine, California, promising changes of such magnitude so as to

---enlarge the entire scale of the building process, providing new homes and jobs for hundreds of thousands of people.

---make possible efficiencies in construction, land development, and municipal services heretofore unrealized.

---alter the entire composition of an urban community by offering a variety of homes available over a wide range of incomes and creating balanced resident and employed population.

---assure new achievements in environmental design, with integrated transportation systems, and open spaces free from pollution.

On the basis of staff analysis, the Task Force believes that the private sector should continue its prominent role in new town development. But our survey of present ventures indicates that there are certain "threshold" problems and costs which may appropriately fall to the public sector. These may include:

---assistance in land assembly and the provision of capital requirements particularly in community facilities and initial land purchase.

---assistance to local governments in the areas involved, by planning in anticipation of the impact of new towns, and assuring that the new communities are consistent with relevant metropolitan plans.

---encouragement of heterogeneous population composition and the fostering of intergroup relations.

---help in the solution of marketing problems, by coordinating the locational requirements of government installations

and assuring adequate economic bases for the communities.

---protecting the economic position of the urban core by encouraging the central city to participate in the development of new communities, providing for the decentralization of low-income families, and by strengthening the economic vitality of the city.

The Administration has already given careful consideration to the appropriate role of the Federal government in such enterprises, including making available credit and loans. Other alternatives should be considered including:

---establishment of state and federal development corporations to solve some of the more difficult problems of land assembly and reduce the possibility of unwarranted land speculation.

---technical assistance in planning to assure the best quality of design and execution now available.

---deferred interest charges on loans to reduce the critical "get-going" costs of such enterprises.

---special arrangements for the timely provision of community facilities aid under existing grant programs.

---Federal promotion of an independent and complete urban center, with all requisite industrial, commercial and cultural facilities. In this case, the city should be promoted as a part of an overall regional development program on a scale appreciably larger than a typical sattelite community -- perhaps 200,000 to 500,000 people. Its establishment could serve to promote extensive new industrial development in a previously depressed area such as Appalachia, using available public land with structures in public or private ownership. Or such a city could relieve population congestion in a densely occupied zone such as the Northeast Corridor. For whatever purpose, this city could serve as a yardstick for performance for "new communities", a place of experimentation in planning and construction. Such a project could be undertaken almost immediately and at very low cost to the Federal government.

All these possibilities should be actively explored by the Secretary to make sure that constraints of capital and pressures of time do not reduce the scale of the new communities, or cheapen their quality.

2. Research and Development

The 1964 Task Force report emphasized the paucity of research funds expended in the housing industry -- a rate six to ten times below that of the nation's growth industries. Subsequently the Administration proposed the establishment of a National Institute for Urban Development.

Now we believe first priority should be given to exploring the means by which large new markets in housing and urban development can be created and systems analysis and management carried out on a scale that results in sharply reduced unit housing costs. One way to accelerate this new approach is for the Institute to work directly with the new Commission on Codes, Zoning, and Development Standards in encouraging expanded research in this area. Another is to provide incentives for direct local action. After the first demonstration program is underway, cities could be invited to present programs utilizing systems analysis and proposing total treatment of the development process. Block unrestricted grants for such planning and experimental programs, under a flat ceiling limitation could be made available.

3. Block Grants for Municipal Operating Expenditures

One of the critical problems facing local governments is the shortage of operating funds. The Task Force believes careful consideration should be given to a block grant program for localities on a matching basis. The program should take into account both local need and capabilities and emphasize assistance to core cities and inner suburbs where operating funds are most urgently required. It would make assistance available on a non-categorical basis, and thus leave decisions as to priorities among operating needs in the hands of the local government.

Feasible ways to construct genuine equalization formulas are now available, as evidenced by the research of the Advisory

Commission on Intergovernmental Relations. For example, one formula attractive by its precision and simplicity would allocate funds on

---a need basis related to the average per capita expenditure for urban social services in cities of the population class to which a given city belongs, with a sliding scale fixed according to the specific relative position of the city to the average.

---modified by a fiscal capability basis related to the average per capita expenditure of cities in the same per capita income class within its population class.

---the allocation being the difference between need and effort so established; the dollar amount for any city being a percentage of the total program funds available.

The elaboration and refinement of such a program was not possible within the time and resources available to the Task Force. Further, we recognize that grant-in-aid revisions need to be viewed in the larger context of general fiscal policy and possible reform of categorical grant policy. However this technique may prove to be a powerful tool in assuring immediate responses to pressing urban public needs and guaranteeing effective use of Federally assisted facilities. We urge the Secretary to give it high priority among possible recommendations for legislation.

4. Policy Changes in Existing Credit Programs

The Task Force shares the view of its 1964 predecessor that substantial modifications of Federal mortgage and guarantee programs are in order, to redirect these instruments to contemporary needs. Further, we believe the reorganization of constituent agencies formerly in HHFA in the new Department makes such adjustments especially appropriate at this time.

We urge, therefore, for the Secretary's attention:

---increased emphasis on the special-purpose programs now authorized in the Federal Housing Administration and the Federal National Mortgage Association to encourage

specialized entrepreneurs in the low-income housing markets such as cooperatives and non-profit housing corporations.

---continued exploration of alternatives beyond rent supplements in moderate-income housing financing, including variable direct interest subsidies, subordinated Federal loans, direct capital grants, and temporary direct loans.

---a close relation between conventional FHA activities and the special assistance programs, including assurance that the total program in a given community overcomes the unbalanced housing accommodations that result from special FHA policies particularly in the suburbs. In this respect, the availability of FHA financing in Section 207, 203 and 213 might be related to workable program requirements to assure production of low-income housing as a prerequisite to the Federal support of middle and upper income mortgage markets.

Changes such as these would greatly improve the effectiveness of our credit programs in meeting current urban needs and, in the long run, promoting the reduction of housing costs.

5. A "Workable Program" for Metropolitan Areas

The present uncoordinated and at times contradictory impact of Federal aid programs on the growth pattern of individual metropolitan areas is a major handicap to the total approach the Task Force envisages. Although considerable progress has been made in recent years in keying transportation, open space, and housing assistance to comprehensive metropolitan planning, further steps are now appropriate. Especially with the inauguration of demonstration planning grants, the Secretary should move through the Council on Interdepartmental Coordination recommended in our organizational proposals to assure that the majority of Federal aid programs are contingent on the existence in metropolitan areas of:

---a comprehensive planning process dealing with

---development projects clearly regional in nature, such as water and sewage facilities, highways, airports, open space, recreational projects, large-scale housing and industrial developments.

---including areawide standards of development control mechanism and relocation procedures.

This requirement, even if gradually applied, would stimulate cooperative arrangements among urban governments in a metropolitan area to identify mutual areawide problems, develop collaborative action programs, and strengthen the exchange of information and liaison. It would encourage already existing positive trends toward interlocal cooperation now represented by regional planning agencies, councils of governments, the transportation planning projects required in the 1962 Highway Act, and the quasi-public, quasi-private regional development associations.

The first phase of implementing a workable metropolitan program should be by a Federal cash contribution of unearmarked aids to provide incentives to metropolitan agencies, with appropriate provision for local maintenance of efforts.

6. Combating Speculative Escalation of Property Values

Disclosure that government intends to acquire real property in a particular area often triggers a speculative bidding up of property values, with the result that ultimate acquisition cost is substantially inflated. We urge that study be given to an arrangement under which the Congress would appropriate a sum of money to the President used to finance the purchase by private agents of short-term options on real property in advance of disclosure that public purchase may occur. These funds could be used in connection with prospective property acquisitions of any agency of the Federal government, or they could be used for confidential grants to state or local governments to finance the optioning of property which may be needed to carry out a federally supported program. The President would make an annual detailed report to the Congress on the use of these funds.

7. Renewed Attention to Urban Transportation Problems

In recent years, the Federal government has explicitly recognized the strategic role of transportation in guiding future urban development. Highway funds are now contingent upon the preparation of metropolitan plans. Research, development and demonstration funds are available for urban mass transportation. Taken together

with commuter rail systems, these two components constitute the elements of a coordinated transportation program to serve the present needs of a community, provide choice of conveyance, and work in the direction of a rational land use distribution. While the primary responsibility for capital requirements for public transportation appropriately rests with local areas, supplementary Federal assistance is needed in the form of loans, grants, and research and development projects. The mass transportation program authorized by the Act of 1964 is scheduled to expire in June, 1967.

8. New Alternatives in Civil Rights and Housing

The close relation between the availability of housing accomodations and the progress on the civil rights front is now obvious in every large American city. Indeed, the growing problem of de facto school segregation stems directly from artificial barriers imposed on the choice of housing by Negro citizens. Unless this aspect of the housing program is attacked vigorously and imaginatively, surface tensions and stresses are bound to multiply.

The Task Force believes that the establishment of the new Department provides an unparalleled opportunity to develop new techniques to assist the goal of fair housing and open occupancy. It urges the Secretary to give high priority to the development of such a comprehensive and imaginative program.

EXECUTIVE (F)
FG-155-18
(F) FG 110
FG 135
FG11-8-1/Hayes Brooks

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 4, 1966

MEMORANDUM FOR

Mr. Bill D. Moyers

My work at Community Relations has been largely getting acquainted with personnel and procedures.

I have made some calls regarding the reorganization plan to move CRS to Justice. Senator Ribicoff assures me that we can certainly count on his going along with us, but I promised to pass on to the President his view that it should go to the new Department of Urban Affairs. He had previously expressed the same opinion to the Attorney General and to Joe Califano.

Roger Wilkins urges that no change be made, but that perhaps after a couple of years a look might be taken at the experience in Justice, and results appraised to determine just where the Community Relations Service berth should be.

I hope that shortly we can draft some additional plans for drawing upon the existing resources of community life in anticipation of conflict--devoting more energy to prevention, rather than having to spend so much time on the Bogalusas and the Selmas.

BH

Brooks Hays

cc:
Mr. Joseph A. Califano, Jr.

(2)

EXECUTIVE
LG
FG 11-2
FG 170

January 5, 1966

FOR GARDNER ACKLEY

I have no objection to what appears in the urban section. It does not go into the difficulties cities (and the Federal government) have experienced in urban renewal, e.g., in relocation, the high human cost of breaking up old neighborhood communities, the high economic cost of rehabilitation, etc.; but maybe it is not the role of the Economic Report to point out problems in on-going programs without recommending remedies for them.

Also, it does not emphasize the result of the suburban/central city divide: surburban communities deprived of the cultural facilities and heterogeneous life only cities can provide, city ghettoes turned into cauldrons of resentment and frustration. The economics of such a schism are fairly plain in the case of Los Angeles -- minus $44 million in Watts in one week. According to the Wall Street Journal today, the Watts experience may be repeated in a score of other cities before long.

Harry C. McPherson, Jr.

Attachment - Memo for Doug Cater (who b/s to HCM) from Gardner Ackley, CEA, Jan 5, '66, subject: "Review of Galleys of the CEA Annual Report" (Cities section - Chapter 3a)

NO CYS RETAINED

RECEIVED
MAR 1 5 1967
Central Files

"HUD"

January 5, 1966

TO: Joe Califano

Interesting argument against bringing
CAP into HUD.

Harry McPherson

Atts

January 5, 1966

TO: Joe Califano

Interesting argument against bringing CAP into HUD.

Harry McPherson

Atts

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR

2027 MASSACHUSETTS AVENUE, N W WASHINGTON, D C 20036

TELEPHONE 202 - NORTH 7-3979

† JAMES P. MITCHELL, PRESIDENT REV. JAMES L. VIZZARD, S.J., CHAIRMAN, ADMINISTRATIVE COMMITTEE BEN NEUFELD, EXECUTIVE SECRETAR

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ASSOCIATED GROUPS
National Housing Conference
United States Youth Council

Mr Harry McPherson
The White House
Washington, D C

Dear Harry,

Over the weekend, the Washington Post reported the impending recommendation that OEO's Community Action Program be transferred to the Department of Housing and Urban Development. We don't think this is a good idea.

Our objection is not based upon any bias against city folk; even farmers are beginning to appreciate the urban Congress. Rather, it is based upon the very reason DHUD was created: to give the cities a greater voice in their own destiny. It seems to us that the cities already have plenty of voice in Community Action Programs, whether it speak in the tones of city hall or of the ghetto. It is the rural areas that are being left out.

Within CAP, $293.8 million has been spent or encumbered, of which only $84.8 million has gone into rural areas. That is, only 19% of the money has gone to solve the tough 50% of the poverty problem. As far as we are able to tell from available data, even last summer's Head Start program was grossly weighted in favor of urban areas. Granted that this is considerably better than the 5%-rural record which the President, the Vice President and the Secretary of Agriculture last spring described as shameful, it still is only a limited advance in the overall war against poverty, an advance which, it seems to us, will necessarily be dissipated within the framework of DHUD.

Furthermore, look at what is happening to the non-OEO shares of the war. USDA, for example, which has never had enough money to attack the rural housing deficit, can expect to request little if any more than it has this year, and that is well below what it wanted. At least a million rural families are inadequately housed, yet it will take us decades at the present rate to

30 December 1965

DIRECTORS

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replace these substandard units even diverting nothing to deal with the present aging-but-not-yet-dilapidated homes out in the country. Depending upon category, rural housing is two to five times as bad as the comparable group of city dwelling units. Contrast this with urban renewal, public housing and community facilities help available in the cities through the same DHUD - even taking into account the Aiken-Poage facilities program - and you see one reason for our concern.

There are other specific gaps: education, health, welfare, civil rights, employment. And, because the city is already organized to deal with problems of these kinds, the gap is notnarrowing despite the President's personally having called attention to it.

There are problems in carrying the anti-poverty fight into rural areas, and they are not the same as those found in the cities. Expecting that they can be solved by city-oriented people is unrealistic; even OEO's Rural Task Force is having trouble. What we need is a rural-oriented staff with the kind of flexibility that a Department enjoys to improvise on the spot - or, that we are told it enjoys in dealing with people's problems - and the imaginative leadership fully to use it, which the government's rural area programs have not had since Harry Hopkins. This is what OEO was supposed to do, and has done in places. But, it is apparent now that OEO's complete reliance upon local initiative is not working in rural areas, and a more positive approach is clearly shown to be needed. OEO, HHFA, Labor, DHEW, Small Business and even 4H all have constituent groups in the urban areas while these are mostly lacking in rural America. I am not sure DHUD would know how to proceed without them.

City-centered industries for the most part provide employment meeting minimum standards of quality. The man or woman or youth helped to get a job there by a government-supported project has, in addition to the project itself, a great deal working for him, such as the NLRB, the Bureau of Labor Standards, state and local agencies dealing with employment, education and the rest, and his family. Where job training is being given to rural people, where are the jobs? They are in town, where business and industry are located, and in geometric proportion to their concentration. Surveys show that country children would remain where they are on completing high school if they could see opportunities there, but in large numbers they expect to move awaybecause the opportunities to which they aspire do not exist at home. DHUD is one of the agencies working to help these people when they arrive; it is not attuned to helping them find what they want where they are. Rural CAP is one of the few groups seeking solutions in rural areas; it must not be submerged within a body which has been created specifically to work on the other end of the problem, the too-late end.

We all appreciate what perils face CAP in the Congress. I think, though, that the proposal for dealing with them will fall far short of "good".

When it comes to suggesting alternatives, however, I must admit I do not have many. One would be to leave CAP within OEO but devote more energy to its defense, like making it a responsibility of the Vice President. Another would be to put OEO, or CAP alone, within the Labor Department. With an outstanding Secretary of Commerce, one who could see the long-term implications of ending the lack of purchasing power that characterizes poverty (and I simply do not know whether the present Secretary meets this test or not), perhaps that would be a good place for OEO.

On the other hand, perhaps USDA's Rural Areas Development ought to be transferred to OEO and thereby given a greater identification with the people in those underdeveloped areas. This would bolster OEO's image, particularly with officials seriously interested in helping the poor, and at the same time add a social dimension to the physical which seems to dominate RAD's activities at the present time. It should not reduce RAD's ability to deal with other programs of the government either within or outside USDA.

My major point here is that people with rural connections, not people who derive their authority from metropolitan constituencies, must be kept in charge of programs to help those who are victims of poverty in rural areas. Not all rural people could serve usefully, of course, but we can consider individual candidates at a more appropriate time.

Our very best regards for a good new year to yourself and your colleagues over there,

Sincerely,

Ben

Ben Neufeld,
Executive Secretary

(2)

EXECUTIVE
FG170

January 5, 1966

Dear Ben:

I appreciate the time and consideration you've given to the rural poverty question, and its relation to CAP. I think the points you make about transferring CAP to HUD are important and I am glad to have them. At the moment -- as always -- there are a number of suggestions floating about like so many sputniks, but I assure you that no decisions have been made about putting CAP into HUD, or anywhere else, for that matter.

Thanks for a useful letter.

Sincerely,

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

Mr. Ben Neufeld
Executive Secretary
National Council on Agricultural
Life and Labor
2027 Massachusetts Avenue, N. W.
Washington, D. C. 20036

RECEIVED
MAR 15 1967
CENTRAL ...

eg in "cities"

"HUD"

MEMORANDUM

EXECUTIVE (3)

gah/gh

THE WHITE HOUSE
WASHINGTON

Haar FG 170

January 6, 1966
Thursday, 8:50 pm.

FOR THE PRESIDENT

FROM Joe Califano

Bill and I have arranged to have lunch with Charlie Haar tomorrow and talk to him about Urban Affairs. Haar will be down here shortly before 1:00 p.m. and as I mentioned in my memorandum yesterday, it will be helpful if we can bring him by to see you for a few minutes. OK. by me L

I also checked out Victor Palmieri with Governor Brown. Governor Brown thinks Palmieri is one of the brightest men in the entire state of California. I called Palmieri and he is coming to Washington tomorrow to talk to Bill and me. I am not sure now whether it will be necessary or appropriate for you to meet him, but a brief meeting in his case may also prove desirable. We can decide that one tomorrow after Bill and I meet with him. I want to meet him - L

I am trying to check out Ed Bacon of Philadelphia, who has an excellent reputation. So far, however, I have not been able to run anyone down. Mayor Tate is at a dinner and will call me later tonight.

Marvin Watson is running expedited FBI checks on Wood, Haar, and Palmieri and there is a good chance that we will be ready to go with a good part of this package by Saturday morning.

Orig to Mrs Fenwick

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Wednesday, 8:00 p. m.
January 5, 1966

FOR THE PRESIDENT

FROM Joe Califano

I am very high on Bob Wood for the Under Secretary of Urban Affairs. I also think that Charlie Haar, whose biography is attached, would be an excellent choice for General Counsel.

Haar is a Professor at Harvard Law School, one of the first and probably the leading Land Use and Urban Affairs lawyers in this country. He is clearly of Under Secretary caliber and I think if Bill and I had him down to lunch and then you talked to him for 3 or 4 minutes (the way you talked to Bob Wood today) he would be willing to take the General Counsel's job. Haar was in effect co-Chairman of the Urban Affairs Task Force.

Do you want Bill and I to have him down to lunch?

Yes ✓ No _____

Charles M. Haar

Citizenship: USA

Native of Cambridge, Mass. Born in Belgium December 3, 1920

Degrees: A. B., New York Univ., 1940 magna cum laude; M. A., Univ. of Wisconsin, 1941; LL. B. Harvard Univ., 1948, magna cum laude.

War service: Ensign, USNRA, 1943-44 and Lt., jg. USNRA, 1944-46

Occupation: Sheldon Traveling Fellows, Harvard Univ., 1948-49; practiced law in NYC 1949-52; Asst. Prof. of Law, Harvard Univ., 1952-55; Prof. of Law, Harvard Univ., 1955 to present; Rockefeller Foundation Fellow, 1958-59; also member of faculty Littauer School of Public Administration and of Faculty Committee of Joint Center for Urban Studies, Harvard and MIT. Chief Reporter of American Law Institute Project on Public Control of Land.

Consultant: Mass. State Legislature, United Nations, RAND Corp, Agency for International Development, Housing & Home Finance Agency, Dept. of Commerce, Chairman, President's Task Force on the Preservation of Natural Beauty. Also, Chairman of Panel on Automobile Junkyards, White House Conference on Natural Beauty.

Member: Assoc. of the Bar of NY, American Bar Assoc., American Institute of Planners, Phi Beta Kappa, Town Planning Institute, (England); Fellow of American Academy of Arts and Sciences. (Also Chairman of Planning and Development Committee.) Member, Cambridge Redevelopment Authority and Governor's Area Metropolitan Council, Department of Legal Studies of National Academy of Sciences, Highway Research Board. President, Regional and Urban and Planning, Inc., and Director, Charles River Associates.

Author: Land Planning Law (1959); Federal Credit and Private Housing (1960); Law and Land (1964); Editor, Golden Age of American Law (1965); General Editor, Beacon Press Series, Classics of the Law; Director, Report on the Effectiveness of Metropolitan Planning for Subcommittee on Intergovernmental Relations of the U. S. Senate 1964.

Home: 1 Kennedy Road, Cambridge, Mass. 02038 TR 6-3008

Office: Harvard University, Cambridge, Mass. UN 8-7600, Ext. 3187

Married and has three children: Son, Jeremy, 18; Susan, 13; and Jonathan, 7

(3)

EXECUTIVE
FG 170

January 6, 1966

FOR BILL MOYERS

Al Otten called and said the rumor was the H. U. D. Secretary would be named Monday. I told him to ask you because I didn't know.

Harry C. McPherson, Jr.

Also call from Bob Semple, N. Y. Times, asking the same question.

HCM

RECEIVED
MAR 15 1967
...LES

EXECUTIVE
FG170
FG135

11:30 a.m., Friday
January 7, 1966

FOR THE PRESIDENT

FROM Joe Califano

Attached are biographies of Charles Haar and Victor Palmieri. Norb Schlei told me yesterday that Janss Corporation, of which Palmieri is President, is a multi-million dollar family corporation and that he may need some time to ease out since he is the key man in the corporation and since no one in the family has the capability of running a corporation that big. The corporation is a major developer of all kinds of housing and other properties (including the Sun Valley, Idaho Ski Resort, from which we took him last night to bring him to Washington).

Attach.

December 2, 1965

FOR John Macy

FROM Joe Califano

The President would like you to screen Victor H. Palmieri, Jr., as soon as possible as a possibility for one of the Presidential appointments in the Urban Affairs Department and give him your recommendation.

Attach

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Tuesday
November 30, 1965

FOR THE PRESIDENT

FROM Joe Califano

For your information I am inclosing a memorandum sent to me by Norb Schlei concerning Victor H. Palmieri, Jr., whom he recommends for one of the top jobs in the Department of Urban Affairs.

Attach.

talk Moyers to look at

him - soon (soon)

L

Orig to Mrs. Tevis

Assistant Attorney General

Department of Justice
Washington

MEMORANDUM FOR THE HONORABLE JOSEPH CALIFANO
Special Assistant to the President

As I mentioned to you last week, I have a candidate for a top job -- conceivably even the top job -- in the new Department of Housing and Urban Development. He is Victor H. Palmieri, Jr., President of Janss Corporation in Los Angeles, California.

Vic is one of the handful of people in this world whom I can recommend without any reservation whatever. He is one of the ablest men I know.

He is 35, I believe, married, and has three children. He went to the Stanford Law School, Class of about 1954, and was an officer on the Review.

After graduation from law school he joined O'Melveny & Myers, a firm in Los Angeles that I think you know, then went into the service for a while and returned to the firm until 1958 or early 1959, at which time he joined Janss as Executive Vice President. From the beginning, he has been the operating head of the company.

The Janss Corporation, formerly Janss Investment Corporation, is about a $50-million outfit that became a sizeable company in the process of developing Westwood, the area in the western part of the Los Angeles area where UCLA is located. Old Dr. Janss, the founder of the company, gave the land for UCLA to the State of California.

Some time before Vic joined the company, it had pretty well completed the Westwood operation and had bought a huge, nearly-empty chunk of eastern Ventura county (next

county north of Los Angeles, on the coast) and was on the threshold of developing it. The company also had what I understand now is, at least, the world's largest cattle-feeding operation at Thermal, California in the desert near Palm Springs.

It is not an exaggeration to say that Vic has determined the whole course of development of the eastern half of Ventura County over the last seven years. The area has gone from a few thousand people to nearly a million, with light and heavy industry, single-family and multiple dwelling developments, commercial development, freeways, several golf courses, other recreational developments of all kinds, sewer and water planning and development, etc., etc., in all of which Janss, led by Victor, has played the leading and usually controlling role. Probably there is nobody in the county who knows more than Victor about land-use planning and the rational development of new communities. He is nationally known in these fields and has been for some years.

In addition to the basic Ventura-county and Thermal operations, Janss last year bought Sun Valley from the Union Pacific Railroad. Vic has revived the place and made it make money.

Vic is close to Governor Brown. He is, I think, on the State Board of Education or the Board on Institutions of Higher Learning or some such body. He has worked on several of the Governor's study Commissions. He was a Republican when I first met him in 1957, but after a period of being a prominent Republican-for-various-Democrats, especially Governor Brown, he registered as a Democrat in about 1962.

Vic is not only extremely thoughtful and capable, he is tremendously impressive. He is good looking, speaks well, handles people well. He really would be a marvelous catch for almost any job.

For some years I have asked Vic periodically whether he could possible be lured into the government. He has always told me that while he was very much interested for the future, it would be quite impossible to extricate himself, at least for a few years, from his personal commitments to Ed and Bill Janss. However, he told me recently in strictest confidence that the company is likely to be sold within a couple of months. This would mean that his personal commitments to the Jansses would be dissolved, and I think if a really challenging opportunity in the government were offered, Vic would find a way to avoid taking on any new business commitments in connection with the sale of the company.

Vic by now has considerable financial resources of his own, I believe, and would not have the problem some others have in getting along on a government salary.

The Department of Housing and Urban Development, I should think, has got to help us find a way to break up the ghettoes. Beyond that, it must lead the way to the development of cities where it is a pleasure for human beings to live. The Department in doing these things must cope with builders, bankers, politicians and civil rights leaders, among others. For whatever it may be worth, I would rather have Vic Palmieri working on these problems for me than almost anyone.

Joe, believe me, this fellow is someone who should be talked to, and soon. Ask Warren Christopher.

Best personal regards.

Norbert A. Schlei
Assistant Attorney General
Office of Legal Counsel

BIOGRAPHIC DATA

PALMIERI, Victor H., Jr.
Age 35 (Born February 16, 1930 in Chicago, Illinois)
Home: Malibu Colony Drive
Malibu, California

PRESENT POSITION

President, Janss Corporation

EDUCATION

1951	B. A., Stanford (in history)
1954	LL. B., Stanford (Order of the Coif)

PREVIOUS EXPERIENCE

1954-59	Associate, O'Melveny and Myers, Los Angeles
1959-64	Executive Vice President, Janss Investment Corporation
1964--	President, Janss Corporation

ALSO:

Democrat
Member, Governor's Advisory Commission on Metropolitan Area Problems; Governor's Advisory Commission on Housing Problems; Coordinating Council on Urban Policy
Consultant, Committee on International Studies, Stanford
Founding member, Center for Study of Democratic Institutions, Santa Barbara
Lectured on urban policy, law and real estate problems at USC, MIT and Stanford

MILITARY EXPERIENCE

1955-57 (approximate dates) United States Army

SOURCE: Data from file. 1-5-66

EXECUTIVE
SP 2-4
PR 12
7G 170

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE ADMINISTRATOR • WASHINGTON, D.C. 20410

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

F Given to Pres 4/18/66 C-Gerrard

January 12, 1966

MEMORANDUM FOR: Connie Gerrard
Press Office
The White House
Washington, D. C.

Subject: The Signal Corps' recording of President Johnson's State of the Union Address to be delivered before the Joint Session of Congress at 9:00 P. M. January 12.

With reference to our telephone conversation earlier today, this Department would appreciate a copy of the Signal Corps' recording of the President's Address before the Joint Session of Congress tonight.

This recording will be added to the tape library which we started in August 1965. Our collection now includes two Signal Corps recordings which you made available to us last year: (1) Remarks of the President at the signing ceremony of the Housing and Urban Development Act of 1965 on August 10, 1965 and (2) Remarks of the President at the signing ceremony creating a new Department of Housing and Urban Development.

These tapes are used for employee training programs and excerpts are loaned to radio stations requesting official statements on housing and urban development.

I will call you tomorrow to see if this request is granted. If it is, we will send a messenger to pick up the tape which can be held in my name.

Ann Randall

(Mrs.) Ann Randall
Radio & TV Information Officer
129-4575

Jeanne McKenney
N.W. Gate
10:00

EXECUTIVE
HS
7G 170

January 13, 1966

Dear Earl:

Thanks for the information of the pre-fab houses. I have sent the material to Federal Housing Administration and should hear something soon.

Kindest personal regards.

Sincerely,

Jake

Jake Jacobsen
Legislative Counsel
to the President

Mr. Earl P. Deathe, Jr.
P.O. Box 1155
Austin, Texas

In my judgment, the best vehicle for a comprehensive study of the organization of HUD, conservation activities and all other Federal operations would be a new Hoover-type Commission with a firm congressional mandate, representation of many talents and interests, and full public confidence. Since last September, when 26 of my colleagues joined me in introducing bills to establish such a commission, great interest in the proposal has developed in many parts of the country.

I am especially pleased by the thoughtful consideration given my bill by Dr. Arthur A. Flemming, president of the University of Oregon. Dr. Flemming's remarkable record of public service makes him uniquely qualified to evaluate this proposal. His experience includes distinguished performance as Secretary of Health, Education, and Welfare; as a member of the Civil Service Commission; as the Director of the Office of Defense Mobilization, and member of the National Security Council; and as a member of both the First and Second Hoover Commission:

It seems to me—

Dr. Flemming wrote—

that the far-flung operations of the executive branch might well bear close study once every decade * * *. For a variety of reasons, including changes of conditions, the methods, incentives, and restrictions build into our programs need periodic review and updating where necessary. I know that it is awkward and time consuming for departmental officers to take the time to facilitate the work of such study commissions and to react to their proposals. But, I still think this is a healthy process, particularly if the study commission operates in an atmosphere of mutual respect and tolerance.

Dr. Flemming's comments are worthy of careful consideration, and I would like to bring them to the attention of the Congress, along with the articles from the New York Times and the Washington Star:

UNIVERSITY OF OREGON,
Eugene, Oreg., October 13, 1965.

Hon. CHARLES MCC. MATHIAS, JR.,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. MATHIAS: I noted with interest your letter asking for my views on the establishment of a commission to study the operations of the executive branch of the Government.

By way of general comment, I certainly favor the objectives of this bill. While I do not think that bodies such as this should be permanently constituted, it seems to me that the far-flung operations of the executive branch might well bear close study once every decade.

I think that the particular value of such bodies as you are proposing comes from the potential freshness of viewpoint of the members. Personally, I believe that our Government would gain considerably if its administrators and evaluators had the time and opportunity to keep asking themselves the question "Why do we do this?" and "Why do we do it this way?"

If we really could stand back every now and then and have a chance to think anew on our methods and our effectiveness, we might well be surprised at the number of times we would see that a change is clearly indicated. Programs get started, and often the methods and incentives used are the products of necessary compromise and stem from conditions that exist at a particular point in time. For a variety of reasons, including changes of conditions, the methods, incentives, and restrictions built into our programs need periodic review and updating where necessary.

I know that it is awkward and time consuming for departmental officers to take the time to facilitate the work of such study commissions and to react to their proposals. But, I still think this is a healthy process, particularly if the study commission operates in an atmosphere of mutual respect and tolerance. In this particular respect I would hope that the task forces or study groups of the inquiring commission would conduct their investigations as openly and constructively as possible. Moreover, the inquiring commission should give ample opportunity to departmental officers to react as completely as possible to the tentative findings and recommendations which are being considered by the inquiring commission. The inquiring commission should not bring itself to final public recommendations until it has had a meeting of minds with the executive branch on the basic facts and findings upon which its conclusions and recommendations are based.

This can be accomplished by circulating draft reports in advance or by holding hearings. At all costs the inquiring commission should avoid the situation in which it "springs" a report on the public and on the agencies with which the report is concerned, and the inquiring commission is forced to concede later that it used out-of-date information or drew unwarranted conclusions from the facts it had. This situation can even be more unfortunate if the Commission has terminated, and its recommendations, no matter how badly conceived, have to be dealt with in the Congress and the agencies. In such circumstances a great deal of time and energy is wasted, and the public is left confused.

I note that you are proposing to associate two Governors with the work of the inquiring commission. I can see both advantages and disadvantages to that proposal, but I think, on the whole, it is worth trying.

I think that the bill is technically sound in other respects, and look forward with interest to its progress.

Very sincerely and cordially yours,
ARTHUR S. FLEMMING, *President.*

[From the New York Times, Jan. 28, 1966]

JOHNSON DECISION ON HOUSING NEARS—NEW DEPARTMENT IN CABINET NEEDS OFFICIALS AND DUTIES

(By Ben A. Franklin)

WASHINGTON, January 1.—After 4 months of delay, President Johnson is finally approaching one of his most crucial and politically sensitive decisions to keep the Great Society from bogging down in the great bureaucracy.

A Presidential announcement is expected next week, just before Congress reconvenes on January 10, on the new Department of Housing and Urban Development.

The 11th Cabinet Department, approved by Congress last August, is expected to become the key operating Agency of Mr. Johnson's ambitious "hopes of the American city." The President, more than most people, is acutely aware that the cities, with their multiplying problems, are where more than 70 percent of the population live.

Mr. Johnson must choose not only the seven top Cabinet and sub-Cabinet leaders of the new Department—appointments he has repeatedly postponed since last September—but also a new definition of the scope of the Federal role in reforming the urban environment.

NEW LEGISLATION SEEN

The departmental reorganization is likely to require legislation. Thus, the main thrust of the President's proposals to reform the new Department before it really begins may be withheld for a special message to Congress early in the year.

But the President probably cannot put off the politically delicate and administratively portentous selection of a Secretary of Housing and Urban Development.

Under the timetable written into the legislation, the department has been in suspended animation since November 9, when Mr. Johnson allowed it to come into being "in name only." He instructed its predecessor, the Housing and Home Finance Agency, to remain alive—operating as if it were the Department—though the congressional mandate declared that the agency "shall lapse" November 9.

This was done under a Justice Department memorandum that cited a definition of "lapse" in Webster's New International Dictionary, Third Edition, as meaning "to pass gradually." The result of this "gradualism" in the Agency has been declining morale, mounting confusion and a spate of legal questions about the authority of its officials.

Robert C. Weaver, the Administrator of the Agency and a candidate for the new secretaryship, has been labeled the "nontitular head of a non-Department."

The fact that the department known as HUD, or Hud, is still without leaders and still requires administrative pruning 5 months after its creation by Congress and 2 months after its nominal beginning is considered certain to spur partisan election year criticism in Congress.

"BUNGLING IN SECRECY"

Some Republicans have already accused the administration of "bungling in secrecy" in its attempt to redraw HUD's organization. Others have charged that the HUD legislation was "forced through Congress without adequate debate."

The Republican criticism of "secrecy" was an allusion to the special urban study group Mr. Johnson assigned in November to review the new department's organization, powers and duties, and thus to prevent the Housing and Home Finance Agency from acquiring departmental status without significant reform.

Critics of the Agency, an 18-year-old conglomeration of autonomous New Deal and Fair Deal housing bureaus, have charged for years that it was among the most impenetrable of bureaucratic thickets and that its alliances were primarily with the housing and banking industries rather than with urban communities.

Even Mr. Weaver has called his agency "an administrative monstrosity."

The President's eight-man panel, headed by Dr. Robert C. Wood of the Massachusetts Institute of Technology, completed its recommendations in almost air-tight secrecy. The meetings here were held under such elaborate security precautions that even the meeting place, a room in the U.S. Maritime Commission, was unknown to most interested Government and industry officials.

SOME DEMOCRATS ANNOYED

They were thus prevented from campaigning for or against proposals. The secrecy, however, invited Republican criticism and even the annoyance of some Democrats.

Dr. Wood submitted his committee's findings to the White House last week. The recommendations, reported to have included some "wild proposals" have remained secret. One proposal, however, was reported to call for the moving of one of the principal operating arms of the antipoverty campaign, the community action program, from the Office of Economic Opportunity to the new department.

The President's public dreams for a better urban society have been generous. In his special message to Congress on the cities last March, he called for urban housing construction during the balance of this century that

This event of pleasing memories for our Province, impressed deeply in the heart of the official representative, sentiments of great sympathy for this land and its inhabitants. She intends to give practical expression to her interest by means of a program which will be realized gradually.

One of the activities projected, was to get an invitation for the undersigned, unfortunately for one of the most modest citizens of Guaranda to attend the 10th International Federation Congress of Business and Professional Women's Clubs, a cultural event of universal nature, that was to be held in Washington, D.C., from July 29 to August 3.

Everything began in 1964 when the World Affairs Committee of the Johnson City Business and Professional Women's Club started a fund called pennies for hospitality to bring a person from Latin America to the International Meeting of the B. & P.W. Club in Washington. Miss May Ross McDowell who was favorably impressed with the reception given to them in their sister city selected me for this project because I know a little English. And the Business and Professional Women's Club of Johnson City generously accepted to patronize my trip, convinced the participation in the people-to-people program is one of the finest things that can be done toward furthering friendship with people of other countries and to help spread the principles of democracy, because the more we know about each other the better we appreciate one another.

This was the beginning of this pleasant dream that I enjoy dreaming again each day.

People find it almost impossible to believe that Johnson City was so hospitable and gracious to only a simple teacher like me. But in honor to truth I have to say that all the persons whom I met were so nice to me that the more I think of it the more I feel indebted to them. I'll never forget how they sacrificed their valuable time just to be with me. I never thought I could feel so much at home in a foreign country. I don't know if they realized how much their thoughtfulness meant to me. I only ask God to give me the opportunity to express my gratitude in some way.

The program, the pictures and the articles written about my visit are proof that I did not simply dream the things I tell my friends. They can see the books which the Business and Professional Women's Club gave me. They can admire my State citizenship emblem which Mr. David Burkhalter, city manager pinned on me. They can see the key, the flag and the Honorary Certificate of Citizenship of Johnson City, Tenn. They can also see the Honorary Certificate of Citizenship of the State of Tennessee which Gov. Frank Clement gave me through Col. Carl A. Jones, Johnson City Press Chronicle publisher and they are deeply interested when I tell them the way the various directors of the several social, educational, economic, and cultural institutions gave me many demonstrations of affection and consideration which I know were not meant only for me but rather for all the people of our city of Guaranda.

What I heard and saw of those wonderful men and women of the Rotary, the Kiwanis, the Lions, the Optimist, the Altrusa, the Pilot, and the B. & P.W. Club, really impressed me. They are all such very happy persons. And I understand that it is because in the midst of the monotony of their daily occupations the sentiment of duty carried out offers the heart a sweet calm, and tranquillity.

The United States is a great Nation because the spirit of equality prevails in all human relationships. Americans are friendly and cooperative. They work hard to perfect themselves materially and spiritually. That's why industry has reached such a high level and American farms have become models for the world.

After all that I have seen in the United States I really hope that our relationship of sister cities will be extended indefinitely. There is so much that Guaranda and the Province of Bolivar can learn from Johnson City, Tenn. We can learn the ways its citizens work, their dedication, their sacrifices, and the techniques that they use to make out of old Johnson City a city grown young. I know that later with the spirit of cooperation and aid that exists in all the citizens of the United States of America we will get a decided economical and technical help, because now more than ever the North American citizen wishes to be loyal to the postulates of the Alliance for Progress.

Having finished the program of activities in Johnson City which included, besides the things already mentioned, visits to historical, industrial, and scenic points of interest in the area, tours of the city, visits to private homes, to schools and public facilities as well as TV and radio programs, I left for Richmond and Williamsburg, Va., and Washington, D.C., accompanied by Mrs. May Ross McDowell, Mrs. Justine Bacon, and Miss Frances Bewley.

In Richmond we went to the State capitol and I learned that it is the meeting place of the General Assembly of Virginia, which is the oldest lawmaking body in the Western Hemisphere. Here Hon. Robert L. Clark invited us for dinner at the John Marshall Hotel which is one of the Nation's leading convention hotels.

Williamsburg is the capital city of colonial Virginia. It has been restored to its early appearance through the generosity of Mr. John D. Rockefeller, Jr., and members of his family.

Arriving at Washington I was delighted by the beauty and nobility of the Nation's Capital. I especially enjoyed visiting the Washington Monument, the Lincoln Memorial and President Kennedy's tomb because my visit to these places reminded me of the great principles these men stood for.

While in Washington we attended the 10th International Federation Congress. The Congress was attended by delegates from all the continents in the world, many of whom were outstanding personalities of the cultural and social world. During the Congress, we had very interesting lectures on the social and economic order, given by eminent men and women of North America. To me the Congress was dazzling. The organization and the development of the program was precise and perfectly well calculated. All the resolvent conclusions had the primordial concept that the business and professional women clubs should be organized in all parts of the world because the experience of 46 years has taught that women constitute a powerful promisory force of peace and understanding.

The esteem that the several cultural, political, and social entities had in my person for Ecuador and particularly for Guaranda culminated with an invitation which I received from Congressman JAMES H. QUILLEN, who represents the First District of Tennessee, for a luncheon in the National Capitol.

We also visited the Honorable Ambassador from Ecuador, Mr. Gustavo Larrea, and related to him all my wonderful experiences and the many honors that I had received, thanks to the sistership relationship between Johnson City, Tenn., and Guaranda.

Another proof of the interest of Johnson City in this program is that a select delegation from our sister city, composed of its mayor and his retinue, will arrive for the celebration of the 6th of December in our Capital City. This delegation comes solemnly invited by the Illustrious Municipal Council of Quito and our sister city will have a float in the national brotherhood parade on December 6.

Finally, I would like to conclude this report by once again expressing my most sincere gratitude to all who have helped to make possible this most unforgettable experience of my life, my visit to the United States of America.

REORGANIZATION OF THE EXECUTIVE BRANCH

(Mr. MATHIAS (at the request of Mr. HUTCHINSON) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MATHIAS. Mr. Speaker, there is a clear and growing need for thorough, thoughtful reorganization of the executive branch to enable it to meet its great responsibilities. It is encouraging that many Federal officials, as well as many individuals outside government, have recognized the need for far-ranging reforms. But it is discouraging and disappointing that reorganization is being approached piecemeal and planned in secrecy.

The most immediate problem, of course, is the new Department of Housing and Urban Affairs. The President must appoint a Secretary and other top officials for HUD, and must also suggest a definition of the new agency's duties and scope. Until this is done, the Department will continue in its present legal limbo, with increasing confusion and loss of morale.

The wisdom of reorganizing a department hardly organized at all would be questionable in any case. It is more dubious because the recommendations for reorganization have been prepared by a top-level panel which has worked, as Ben A. Franklin pointed out in the New York Times on January 2, "under such elaborate security precautions that even the meeting place was unknown." While this supersecrecy may have been intended to insulate the panel from pressures, it has also served to keep the public almost fully ignorant of the scope of the group's inquiries or the nature of its conclusions. Unless we are provided with a full blueprint of the recommendations submitted to Congress, and their impact on other agencies as well as on HUD, intelligent criticism of the program will be impossible—and so will be intelligent support.

Reorganization should also be discussed openly and comprehensively in the area of conservation and natural resources. With the publication of its interim report on the Potomac River Basin, an interdepartmental task force has proclaimed its desire to bring together, in a concentrated and coordinated attack on the problems of the Potomac, a full battery of programs administered by many separate offices. These ad hoc arrangements might suggest permanent reforms in this field. An editorial in the Washington Sunday Star of January 9 notes that consolidation of conservation activities into a Department of Natural Resources was advocated years ago by the Hoover Commission, and has recently been recommended by Senator Moss. Certainly the proposal should be examined in the light of 1966, under circumstances encouraging a free exchange of opinions and a full marshaling of arguments of every side.

would equal "all that we have built since the first colonists landed on these shores."

"It is as if we had less than 40 years to to rebuild the entire urban United States," he said.

He said that "much of our hope for American progress will depend on the effectiveness with which the critical Federal programs are carried forward" by the Department of Housing and Urban Development.

Some changes reported to have been suggested by the study group would probably be so unpopular with the large circle of pressure groups surrounding the new department that they would most likely be toned down or abandoned.

[From the Washington (D.C.) Star, Jan. 9, 1966]

WHAT HOPE FOR A BEAUTIFUL AMERICA?

There may yet be a fighting chance for the preservation of "America the Beautiful."

This is true because, for the first time, Americans seem to be waking up to a realization of how close we are to losing it.

We are beginning to see what we have done to the natural surroundings that are our heritage. We see marginal farmlands and surplus crops wasting away the soil. We see drought and flood following in the wake of the destruction of forest and prairie. We see wild plant and animal life sorely threatened. We see our lakes and watercourses carrying more and more filth. We see our air soiled by the noxious fumes of our material progress.

We sense that we have been blind to the fact that we are a part of the balance of nature, not beings standing apart. We begin to understand that the old American ideal of taming the wilderness, of conquering nature, constitutes a cruel deception that we have practiced on ourselves. We realize that we have overconquered, overtamed, overkilled, overexploited. We even glimpse the possibility that, like the great civilizations of the past, what some are calling the world's most overdeveloped Nation could perish in its own filth in a land stripped and despoiled of all that had once made it great and bountiful.

It is against this background of a new awareness on the part of the American people that one should view the record of the last session of Congress, which earned the sobriquet "conservation Congress." It is against this background, especially, that one should view the call to husband and beautify the land that has been sounded by one of the most politically astute Presidents in history and by his wife—a call that already is bearing fruit in terms of detailed studies such as the Potomac watershed report made public yesterday.

The legislative response to the proconservation mood of the Nation so far is impressive. The Water Quality Act of 1965 represents the beginning of a really meaningful attack on pollution. The Water Resources Planning Act of 1965 bears the same relationship to water supply. Research on desalinating water has been stepped up. A clean air act signals an attack in that quarter. The Food and Agriculture Act of 1965 aims at accelerating the retirement and preservation of soil not required or not suitable for crops. A program of highway beautification has been at least begun. A hopper full of laws has added park and recreation lands to serve the growing need for places where people can flee the pressures of our increasingly urban life. Still other legislation aims at restoring the spawning runs of fish in our rivers, protecting decimated wildlife species and their habitat, curbing floods, ameliorating the effects of strip mining, overgrazing, overforesting.

This and much more has come to pass in response to a steadily mounting public resolve to reverse, if possible, the effects of a century of misuse and exploitation. And there is every indication that the 2d session of the 89th Congress will continue the job so well begun by preserving some of our few as yet unspoiled wild rivers, as yet uncut virgin forests and as yet unextinguished wildlife species, and add even more sorely needed recreational areas to the national stockpile.

But, before we congratulate ourselves too freely, we should remember a few things. One is that what Congress has recently accomplished or may be about to accomplish represents a long-overdue backlog piled up by Congresses and administrations that did little or nothing to reverse the trend toward destruction of the land. Some of the legislation recently passed was needed in William McKinley's time, in Theodore Roosevelt's time or in Calvin Coolidge's time, but wasn't passed because a majority of Americans either didn't know or didn't care.

Another thing to remember is that what is now being done is only a beginning, in some cases only a small beginning. The task of controlling pollution alone is staggering for example. The problem of stabilizing water resources is equally formidable.

Perhaps the greatest problem of all, however, lies in the character of the machinery that is expected to carry the job forward once the President and Congress have provided the stimulus, authority and funds. Unfortunately, at present we must look for tangible and visible progress to a welter of agencies that through pork-barrel politics, jealousies, trial and error, compromise and Parkinson's law share conservation responsibility. Several agencies with different allegiances and viewpoints plan and build dams, for example. Public forests are administered by one department, other public lands by another. Reponsibility for water resources lies in one place, for water pollution abatement in another. That the agencies involved frequently work at cross purposes is common knowledge. Equally well known is the tendency of many agencies to acquire know-how without at the same time acquiring know-whether. It is fine to make the desert bloom like a rose, but to make it bloom with surplus cotton is quite another matter.

What is needed is a single executive force to give meaning to what is being promised and legislated, an executive force that can truly coordinate the many-fronted effort that must be made.

A bill introduced by Senator Moss, of Utah, last August may offer the type of solution we sorely need. In the main its provisions follow the thinking of the Hoover Commission. It would cut to the heart of the problem by substituting for the present Interior Department a Department of Natural Resources, transferring to it most if not all Federal functions having to do with conservation. The Secretary of Natural Resources would be charged with developing an overall plan for our land and water, taking in all, not just some, considerations.

To apply the words of Gifford Pinchot, founder of the Forest Service and the first top-flight professional conservationist to serve in the Federal Government, each agency at present tends to "ride its own hobby in its own direction." The conservation of natural resources, Pinchot wrote, "is one single question with many parts * * * one great central problem of the use of the earth for the good of man."

The problem is unlikely to be solved until one man, with authority to act, takes charge.

SMALL BUSINESS IN THE FLORIST INDUSTRY

(Mr. CORMAN (at the request of Mr. VIVIAN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CORMAN. Mr. Speaker, a situation is now developing which could well have serious implications for the survival of an important segment of small business in the United States.

In a January 3, 1966, letter to all florists, Western Union announced its full-fledged entrance into the retail flower business on a national scale. Flower orders will be accepted at all Western Union offices for delivery in any community served by a participating florist. Florists who wish to participate are directed to reply to Western Union by January 24. Western Union states that they will withhold a 20-percent commission from the principal amount of each flower order.

A recent publication of the U.S. Department of Agriculture, entitled "Profile of the Retail Florist Industry," states:

> The retail florist industry, comprised of approximately 22,000 establishments, truly qualifies as an industry of small businesses. The annual sales average for all U.S. florists is slightly over $50,000. Nearly two-thirds of retail florists in the United States have annual gross sales below $50,000. These florists have averaged sales of about $24,000 annually per establishment.

These statistics certainly raise grave questions concerning the ability of these small businessmen to survive if they yield a 20-percent commission to Western Union on telegraphic orders.

I am particularly concerned about the competitive effects of the Western Union program. Western Union enjoys sole occupancy of the message toll telegram field. Such an advantage is subject to abuse if it is used to grant a lower effective rate for telegraphic orders than is available to other private enterprise organizations dealing in "flowers by wire." The deadline of January 24 set forth by Western Union for florists to indicate their participation in this system is certainly unreasonable in view of the public policy questions involved.

The action of Western Union deserves the closest scrutiny of the Federal Communications Commission. I am delighted that the Subcommittee on Regulatory Agencies of the House Select Committee on Small Business intends to conduct hearings on this subject. I am sure that many in the florist industry will wish to see the results of this hearing before deciding whether to participate in the new Western Union program.

The right of entry into the marketplace must remain open to all honest businessmen. However, the Congress has a responsibility to insure that that competition is not rendered unfair either by the active consent or the passive acquiescense of the Federal Government.

(Mr. McCARTHY (at the request of Mr. VIVIAN) was granted permission to extend his remarks at this point in the RECORD and and include extraneous matter.)

[Mr. McCARTHY'S remarks will appear hereafter in the Appendix.]

(Mr. CONYERS (at the request of Mr. VIVIAN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. CONYERS' remarks will appear hereafter in the Appendix.]

FHA AND FNMA

(Mr. GONZALEZ (at the request of Mr. VIVIAN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GONZALEZ. Mr. Speaker, yesterday the Subcommittee on Housing held public hearings to investigate speculation about an imminent increase in the FHA interest rate, as well as reductions in the FNMA prices. This speculation began with the recent action of the Federal Reserve Board.

I agree with the gentleman from Texas, Chairman PATMAN, and the gentleman from Pennsylvania, Chairman BARRETT, who have expressed their fears that the FHA will be stampeded into jacking up its interest rates, placing a greatly increased burden on the average homeowner and slowing down the home construction industry, and that FNMA, which buys FHA and GI mortgages, will weaken its support operations by cutting the prices it pays to mortgage sellers.

During yesterday's hearing, Phillip N. Brownstein, Commissioner of the FHA, and J. Stanley Baughman, President of the FNMA, confirmed the fact that they had neither been consulted nor given advance notice of the Federal Reserve Board's action. It seems rather strange to me, and I am sure to many other Members of Congress, that the chief executives of the two agencies in the Federal Government perhaps most deeply affected by changes in the money market and in interest rates were not given the opportunity to discuss or participate in the Federal Reserve Board's decision to raise the rediscount rate. This in itself is a matter which requires much study and discussion by the Congress.

A second and equally important matter which emerged from yesterday's brief hearing concerns the nature of the FHA and the FNMA themselves. Both of these agencies apparently view themselves as businesslike organizations, required to be self-sustaining, competitive with private industry, and dependent on market forces. There is, of course, nothing wrong and it is quite admirable for a Government agency to conduct itself according to sound business principles. This aspect of FHA's and FNMA's operations is commendable.

But when so-called market forces and the need to remain competitive so as to be able to attract private capital have the effect of curtailing an important part of the Federal housing program and of depressing the home building industry, then I believe it is time for Congress to take another look at these two agencies. For the question may well be raised which master is being served, the mortgage-banking industry or the home-buying public?

Questions I asked at yesterday's hearing, for example, brought out the fact that FHA's share of total housing starts constitutes about 16 percent, as contrasted with a more than 50-percent share in the past. In other words, the Federal Government's mortgage insurance program is today not a very potent one as is evidenced from the fact that it is not serving a very sizable portion of the home mortgage market.

What is the reason for this decline? What can be done to reverse it? These questions must be fully answered if we are to have a workable housing program.

Chairman BARRETT very wisely recessed yesterday's hearings and left the door open for their resumption. I intend to press for continued hearings so that some of these matters can be explored.

(Mr. GONZALEZ (at the request of Mr. VIVIAN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. GONZALEZ' remarks will appear hereafter in the Appendix.]

PANAMA CANAL: WHY THE SURRENDER?

(Mr. FLOOD (at the request of Mr. VIVIAN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FLOOD. Mr. Speaker, since the announcement by the President of his decision to renegotiate the basic Panama Canal Treaty of 1903 with the Republic of Panama, many of our thoughtful citizens in various parts of the Nation have wondered, and still wonder, why the executive branch of our Government should have succumbed to political blackmail and who is responsible.

Even if the world at this time were at peace without a war cloud to be seen anywhere, it would be unwise for the United States to consent to the abrogation of the 1903 treaty with Panama. Perpetual sovereignty over the Canal Zone and the grant of the perpetual right to maintain and operate the canal were indispensable inducements that led to the formulation and adoption of the 1903 treaty with Panama instead of going ahead with the Nicaragua Canal. Under its provisions the United States built the canal with funds supplied by the taxpayers of the Nation; and, in like manner, the canal has been maintained, operated, and protected efficiently since it was opened to traffic.

To surrender all these rights and privileges so indispensable for the building, maintenance, and operation of the canal would be suicidal in character. Moreover, the world is not at peace but actually on the verge of nuclear war with smaller wars and revolutions in various countries where communistic revolution has obtained a foothold; a time, indeed, when Red revolutionary governments are openly declaring that every nation on earth must accept the reign of communism by any means, however sanguinary and brutal. Surely this is not the time for our country to surrender the Canal Zone and thus become impotent to maintain and operate the great interocean waterway, which constitutes the key agency for the freedom of the Western World.

The treaties now proposed by the United States and Panama, if ratified, would drive our Government from the isthmus because the radicals of Panama will never consent to the presence of the United States on the isthmus. Besides, the surrenders thus proposed will in nowise satisfy these radicals and communistic revolutionary policies behind them until our country abjectly withdraws entirely from the isthmus, with resulting takeover by Red power inevitable.

In such event, Panama itself would be the first to suffer, for, unless U.S. sovereignty over the canal enterprise continues, Panamanian independence will be destroyed. This is the truth, the whole truth and nothing but the truth; and it is, indeed strange that those in positions of responsibility in Panama do not realize the perils in which their country is being placed. Every encroachment on our indispensable authority as regards the canal means the opening of another gate to communistic revolutionary infiltration not only in Panama but also throughout all Latin America, with inevitable disasters that always mark Red takeovers.

In a brief article in his column, "In the Hemisphere," in the November 1965 issue of American Opinion, Harold Lord Varney, distinguished president and founder of the Committee on Pan American Policy of New York, supplies new information on the answers to why our Government acted as it did. It is interesting to note that President Johnson, when he was the distinguished majority leader of the Senate, strongly opposed the action of the Eisenhower administration as regards the display of the flag of Panama in the Canal Zone as evidence of that country's sovereignty over the Canal Zone territory.

The indicated article follows:

[From American Opinion, Nov. 1965]

PANAMA CANAL

(By Harold Lord Varney)

Lyndon B. Johnson has chosen to go down in history with the dubious title of the President who gave away America's Panama Canal. His latest prostration was his September 24 statement, with President Marco Robles, of Panama, that he was surrendering to the Panamanians on all basic disputed issues regarding the canal.

The collapse was abject and total: The President proposed to surrender American sovereignty over the Canal Zone—a sovereignty which was given to the United States in perpetuity by Panama under the Hay-Bunau-Varilla Treaty of 1903. Not only that, but he went further and announced his willingness to cede part ownership and operation of the Panama Canal, itself, to the Republic

January 14, 1966

File HUD
EXECUTIVE
FG 170

1960 CENSUS

(Cities w/population of million or over)

	Population of Metropolitan Area	Central City	Outside Central City (part of met. area)
NYC	10,694,633	7,781,984	2,912,649
Los Angeles, Calif.	6,742,696	2,823,183	3,919,513
Chicago, Ill.	6,220,913	3,550,404	2,670,509
Philadelphia, Pa.	4,342,897	2,002,512	2,340,385
Detroit, Mich.	3,762,360	1,670,144	2,092,216
San Francisco, Calif.	2,783,359	1,107,864	1,675,495
Boston, Mass.	2,589,301	697,197	1,892,104
Pittsburgh, Pa.	2,405,435	604,332	1,801,103
St. Louis, Mo.	2,060,103	750,026	1,310,077
Washington, D.C.	2,001,897	763,956	1,237,941
Cleveland, Ohio	1,796,595	876,050	920,545
Baltimore, Md.	1,727,023	939,024	787,999
Newark, N.J.	1,689,420	405,220	1,284,200
Minneapolis/St Paul	1,482,030	796,283	685,747
Buffalo	1,306,957	532,759	774,198
Houston, Texas	1,243,158	938,219	304,939
Milwaukee, Wisc.	1,194,290	741,324	452,966
Patterson, NJ	1,186,873	279,710	907,163
Seattle, Wash.	1,107,213	557,087	550,126
Dallas, Texas	1,083,601	679,684	403,917
Cincinnati, Ohio	1,071,624	502,550	569,074
Kansas City, Mo.	1,039,493	475,539	563,954
San Diego, Calif	1,033,011	573,224	459,787
Atlanta, Ga.	1,017,188	487,455	529,733

	%population on farms & rural areas		%population urban areas
	Rural	Farm	
1900	60.3		39.7
1910		34.9 est.	
1920	48.8	30.1	51.2
1940	43.5	23.2	56.5
1950		16.6	
1960	30.1	8.7	69.9

Note: In 1960, definition of "farm" was changed, i.e., people who ran farm but lived in city were eliminated.

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LBJ

MEMORANDUM

EXECUTIVE
SP2-11/1966/PRO/K* (7)
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Ben's Newsday
FG170
FG155-18
PR18

THE WHITE HOUSE
WASHINGTON

January 14, 1966

FOR BILL MOYERS

At the dinner last night Joe Kraft said the main point of interest for him in the State of the Union message was the way the President "boxed the hawks." The real point of the Viet Nam section was to make escalation unpopular, and to turn us more towards an eventual negotiated settlement. This will appear in his Monday column.

For what it's worth, there are a number of egregious errors in Evans-Novak this morning --

1) Congress insisted, in passing the HUD bill, that it be more than a housing agency. The legislative history is clear that social functions should be part of the new department. Certainly it is our intention to make it responsive to the human problems in urban life, as well as to bricks-and-mortar. It will take time to work out the new organization, but everything - Congress' desire and our commitment - points to the "humanizing" of the Housing agency.

2) If "many members" agreed that Community Relations go into HUD, it is news to me.

3) Ben Heineman took himself out of contention because he has absolute commitments to his railroad -- not because HUD would not have an "expanded role."

Tuesday, January 18, 1966
10:50 am

just a "housing chief"
as an astute scholar

FOR THE PRESIDENT'S NIGHT READING

FROM: Bill Moyers

McPherson, Jr.

(7)

Orig & Mrs Gerrity

EXECUTIVE (1)
FG170

4:30 p.m., Saturday
January 15, 1966

FOR THE PRESIDENT

FROM Joe Califano

Don Downing just called and said there were all kinds of reports that the HUD job had been offered to 5 or 6 people who all turned it down. I told him that this was absolutely false, that there was nothing to it and that the rumors were totally unfounded. I said he could quote me by name or that he could quote the White House but that the job was never offered to anyone else. He asked how the rumor got started. I told him that I did not know, but I assumed it was because so many candidates were screened in depth since the President wanted to be certain he had the best man for the job. He asked whether Ben Heineman, Nelson Rockefeller and Laurence Rockefeller had been considered. I said all kinds of people had been considered, that I did not think it appropriate to indicate whether specific individuals had been screened and eliminated and would not comment on anyone he asked me about. He asked me if I were sure the job had not been offered to several other people. I said I was absolutely certain and repeated that those rumors were false and totally unfounded and that I was saying this for the record.

EXECUTIVE

FG 170
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ETATPRIORITE LE PRESIDENT DE LA REPUBLIQUE DU SENEGAL A SON EXCELIENCE MONSIEUR LYNDON B JOHNSON PRESIDENT DES ETATS-UNIS D AMERIQUE WASHDC

NR 57 VEUILLEZ ACCEPTER MES CHALEUREUSES FELICITATIONS POUR LE PAS SECISIF QUE VOUS AVEZ FAIT FAIRE A L INTEGRATION EN NOMMANT LE NOIR ROBERT C. WEAVER SECRETAIRE D ETAT STOP TRES HAUTE CONSIDERATION STOP FIN LEOPOLD SEDAR SENGHOR.

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Central Files as of 7/11/66 WT

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EXECUTIVE

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Jan. 17, 1966

Rarely has a new housing program evoked such a dramatic and positive response as the rent supplement program. The Federal Housing Administration to date has received preliminary proposals from sponsors involving the construction of nearly 70,000 low-income units under this program as soon as funds become available. The proposals involve 424 projects in 265 localities and 43 States, the District of Columbia, and Puerto Rico. Sites are already selected for some 40,000 of these units. The interested sponsors are about equally divided between non-profit groups and private limited dividend developers.

Jr + Harry has this - it might interest you, too!

Bob

Note: Above figures are as of Jan. 17, 1966

EXECUTIVE
WE9
FG 170
FG110

January 18, 1966

FOR Secretary Weaver

FROM Joe Califano

I thought you might want this in case you don't have it. You might want to call Joe Barr in and talk to him about it.

Attach.

FOR IMMEDIATE RELEASE JANUARY 18, 1966 EXECUTIVE

OFFICE OF THE WHITE HOUSE PRESS SECRETARY FG170

THE WHITE HOUSE

REMARKS OF THE PRESIDENT

AT THE

SWEARING-IN CEREMONY FOR ROBERT WEAVER
AS SECRETARY OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AND

ROBERT C. WOOD AS UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT

(In the East Room)

(AS ACTUALLY DELIVERED AT 10:05 AM EST)

Dr. and Mrs. Weaver, Dr. and Mrs. Wood, Mr. Vice President, distinguished members of the Cabinet, members of the Congress, my friends who are guests here at this memorable moment in American history.

I am sure this is a very proud moment for all of us and for all of America.

It is the beginning of a very exciting adventure. We are setting out to make our cities places where the good life is possible.

There are voices saying the problems of this age have so outstripped our common resources that the city can no longer effectively serve its citizens.

Some say that the city has become unmanageable, unworkable, and unliveable. Some point to our crowded schools and to our shortage of decent houses, to our growing welfare burdens, to our diminishing tax base, to our shapeless growth, the tension between its peoples, the crime in its streets, the breakdowns in its services, and the pollution of its air and its water.

I do not deny the existence or the gravity of these problems, nor do I pretend that they are going to yield to easy solutions.

But I do not believe for a moment that the cause of the American city is yet lost. A powerful and a prosperous nation, blessed with the human and natural resources at our command, just must not fail in its most vital quest: to improve the quality of life for 135 million people who presently inhabit these cities.

Yet I know we are going to fail if we are timid for a moment.

We will fail, if we pursue the old paths merely because they have been venerated by custom.

To make our cities liveable will require the commitment of our best minds, our selfless determination, our willingness to explore new ways of building, and new dimensions of planning, and new methods of coordinating what we know about man and what we know about man's environment.

The great new Department that must meet this challenge was built upon the foundation of the Housing and Home Finance Agency. That agency provided shelter for millions of American citizens.

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But it will no longer be enough merely to provide housing for people. For the challenge of the city is so complex and so intricate a fabric of interwoven problems --social and psychological-- physical and financial, and racial, that any arm of public policy charged with responding to this challenge must be competent to deal with its human needs, as well as with its brick and its mortar.

And because I believe this so deeply, and because the Congress shares this belief, I have selected, as the first principal officers of the Department of Housing and Urban Development, two men who have spent lifetimes in the service of the city. They are scholars of the city -- of its practical affairs as well as its human needs.

As Secretary, I have selected --I am so proud to say that the Senate yesterday unanimously approved the man that I believe best fitted by experience and skill to take control of his Department from the start, and to provide it with the leadership and the understanding and the common sense and the drive and the determination that it must have to serve urban America -- Robert Weaver.

Bob Weaver now has his charge. It is to build our cities anew. Maybe that is too much to put on the shoulders of one single man. But we shall never know, Bob, until we try it.

I thought that he should have some help, and the Congress agreed. I thought he should have as his principal deputy someone who knows almost as much about cities as Bob does. And lastly, I thought that we should prove that Harvard is not the only institution of higher learning in the Boston area, so I went to M.I.T. for the Under Secretary. I may say that I had a hard time locating my man because he seemed to be in Washington more often than he was in Boston. But I finally found him, and he is here by Bob Weaver's side this morning. His name is Robert Wood.

And in the presence of these witnesses, let me repeat the charge that I give you as you accept this public trust:

Take the authorities vested in you, and so manage the responsibility that is yours, that years from now those four Americans out of five who will live in cities will honor your names.

No one has ever borne such a charge before. No one could receive it more endowed with the confidence of his President and his fellow Americans. Thank you.

(Swearing-in)

The problems of our cities and the problems of people are not confined to our country alone. We have many in the world and many particularly in this hemisphere. For the last hour and a half the Vice President and I have, along with the distinguished Acting Secretary of State, been discussing the problems of this hemisphere, and I am proud to announce this morning that I have succeeded in prevailing upon the distinguished Ambasaador from Brazil, the Honorable Lincoln Gordon, to accept the assignment to succeed Mr. Jack Vaughn, who has moved to the Peace Corps, as Assistant Secretary of State.

I'd like to present Mr. Gordon, the present Ambassador to Brazil.

E N D

EXECUTIVE (8)
FG155-18
FG135
FG999-15
FG251
FG211
FG170
FG165-4
FG283

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 19, 1966
Wednesday, 10:45 a.m.

FOR THE PRESIDENT

FROM Joe Califano

Katzenbach has talked to Ribicoff about the move of the Community Relations Service to Justice. I have talked to him about that move and about other organizational possibilities.

We are also ready to move ahead on the Department of Transportation and the Presidential appointment of the ICC Chairman. While all components of the Department of Transportation are not yet firmly established, it is clear that the regulatory functions of the ICC and CAB will not be moved into the Department.

Ribicoff will be most interested in how the Department of Housing and Urban Development is going to reorganize. He is a strong supporter of very strong regional directors to decentralize authority.

Less likely reorganization actions that we are now considering and are not yet in the position to make firm recommendations to you on include a reorganization of the health services of HEW, moving SBA to the Commerce Department with a new Assistant Secretary, a single AEC Administrator or some strengthening of the Chairman, some change in the organization of the government to deal with air and water pollution.

Ribicoff is also interested in a Department of Education -- something we have abandoned for the time being. Finally, he may be interested in how mass transit and urban highways will be handled between the Department of Transportation and HUD. We are still trying to work this out. In any case, should he raise this, I recommend you indicate that we will not permit urban highways and mass transit to adversely affect the revitalization of our cities. Mass transit is now in HUD. Urban highways are now in Commerce under the Bureau of Public Roads.

Nothing else sent to Central Files as of 2/3/66

Palmieri EX FG 170

JAN 19 1966

Mr. Victor H. Palmieri, Jr.
Malibu Colony Drive
Malibu, California

Dear Vic:

Bob Wood and I talked at some length in the last two days about your judgment as to what would be necessary to do an effective job within the Department. As a result, I would like to make three comments and then elaborate on each:

1. We both very much want to have you in this venture.
2. We believe the job we can now outline is potentially the most exciting and rewarding one in the entire operation.
3. While respecting your reservations -- and meeting, we think, most of them -- we think some are based more on misapprehension about Washington than reality.

As to our frank desire to have you on board, it is not only the splendid references you received and the substantial enthusiasm of the President, but also the particular blend of skills and experience you would bring to this task. It is clear that the sort of know-how you possess will be vital in the new program area you now know about, and just as important, it seems to us, your personality and temperament match the job.

As to the job, the revisions in the several tentative organization charts you reviewed give it two distinctive characteristics: First, its essential focus would be on the new programs that the President has emphasized in a context of areawide development and leadership mobilization that reflect your personal philosophy. Second, it is contemplated that direct operational oversight would be involved. Bob Wood does not want to lose completely your contributions in policy, but he does not contemplate his job as shaping or supervising this aspect of operations in any but the broadest policy terms. He is quite aware that running an academic department bears no equivalency to your executive experience.

JOE CALIFANO, JR.
RECEIVED

Finally, we think some of your concerns about your role flow from misconceptions of Washington activity. The tools of budget, program review and evaluation, personnel, and a presence at the right moment at the center of decision making are very powerful. They are more so in the public than the private sector, and we intend to make them even more effective in the new Department.

All these points are made without appeal to the intrinsic importance of our total job. I would not, however, want you to forget your personal commitment to building better cities; your awareness of the critical role of the Federal government in that endeavor; and your appreciation of the specific "ripeness" of the present time. I need all the help I can have in this undertaking and nothing would give me greater pleasure than having you join me in it.

With every best personal wish.

Sincerely yours,

Robert C. Weaver
Secretary

Wood/abs

EXECUTIVE
NR/
FG-170

January 19, 1966

Dear Mr. Secretary:

I am pleased to be sending you under separate cover a copy of the Proceedings of the White House Conference on Natural Beauty.

This 800 page book is a full transcript of all the sessions of that conference. You will find it a valuable document on many aspects of the problems of preserving and creating beauty in our environment. It is also a reflection of your personal and departmental effort, for which this nation is most grateful.

There has been an encouraging wave of interest and action for the natural beauty of America since the White House Conference. The Congress passed the Highway Beautification Bill of 1965 which incorporated many of the conference's recommendations on that subject. The federal agencies continue to review their programs to see what they can do to make a greater contribution.

More than twenty states have responded to my suggestion at the conclusion of our White House meeting that each state hold conferences on natural beauty. In cities and towns across the country, local groups have been responding.

I hope that this volume will spur increased interest and provide a valuable source of practical ideas and programs which we see through to implementation.

Sincerely,

LYNDON B. JOHNSON

Honorable Robert C. Weaver
Secretary of Housing and
Urban Development
Washington, D.C.

LBJ:JV:dhl

File HUD (5)

Lawyers' Committee for Civil Rights Under Law

Suite 1035, Universal Building North
1875 Connecticut Avenue, N.W.
Washington, D. C. 20009
Telephone 462-6618

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FG 170

January 19, 1966

Mr. Richard L. Still, Acting Commissioner
Department of Housing and Urban Development
Housing and Home Finance Agency
Community Facilities Administration
Washington, D. C.

Dear Mr. Still:

Thank you for your letter of January 13, 1966, which responds to my November, 1965, inquiry about CFA's grant of $94,150.00 to the Town of Tchula, Mississippi, for an extension of its sewerage collection system. I note that while you agree that the extensions were laid in what "is undoubtedly an area of white residents," you justify this decision on the ground that the Town could not afford to extend the system to all residents. I am concerned by your letter for three reasons.

First, I am sure that in many southern towns, if the city fathers cannot afford to serve all residents, they will choose to serve white residents only. It disturbs me that a Federal agency appears to concur in such a judgment. Thus, even if the reason for this discrimination was financial, I would remain unsatisfied.

Second, an examination of the map we furnished to you suggests that finances are an inadequate explanation. A large Negro area is immediately adjacent to the white area served by the pre-1963 sewerage system. It is compact and includes many more residences than were served by the 1963 extension.

Third, what you term a compact area is in fact far less compact and far more drawn out than the Negro area that was ignored. In addition, a considerable open space had to be traversed to connect up the two major white sections of town. Finally, I must point out that the only two contiguous extensions made stopped at the color line.

Bernhard, Berl I.

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MAR 15 1967
CENTRAL FILES

BD

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

FG170
Niblack, M. Ray

THE SECRETARY

January 19, 1966

Dear Joe,

Here are the papers on the man I want for Asst. Sec. for Administration.

Yours.

Bob

RESUME

M. RAY NIBLACK

AGE: 39

HEIGHT: 5' 11"

WEIGHT: 170

EDUCATION: BA Political Science, University of Virginia
1 year of graduate work, Political Science

MARITAL STATUS: Married to former Sidney Greer Strider
Two children, girl, 4 and boy, 8

EMPLOYMENT: March 1964 to Present Associate Deputy Commissioner for Management, Federal Housing Administration: Supervise all administrative activities of the agency: budget, personnel, general services, and management. In addition, all audit and examination, compliance (investigative), public information, and congressional liaison. Chairman of the Automatic Data Management Board of the agency.

September 1963 to March 1964 Assistant Commissioner for Congressional Liaison and Public Information, Federal Housing Administration: Supervise all normal congressional liaison activity and preparation of all congressional testimony, as well as complete responsibility for all public relations, press, radio and television, and publications of the agency.

March 1961 to September 1963 Director of Public Information. Federal Housing Administration: In charge of all duties described above, exclusive of congressional activities.

Three and one-half years preceding employment with the Federal Housing Administration: News Director, Charlottesville Broadcasting Company, Charlottesville, Virginia. At the same time, paid correspondent for the Washington Post and the Richmond News Leader.

1954 Employed by Promotion Department, Detroit Free Press, on contract basis.

1951 - 1953 U. S. Army, 1st Lt., Artillery

Prior to that time, employed for three years by Norfolk Newspapers, Inc.

AWARDS: 1959 - 1960 Three Virginia Associated Press Awards for reporting and commentary.

Currently a semi-finalist for the Arthur S. Flemming Award to ten outstanding young men in Government.

1966 Certificate of Merit from Federal Housing Administration for revival of agency's public information activity, automation of personnel management, and contribution toward improved service to the public.

Mr. Montgomery
1047 Laf.

NOV 12 1965

Robert C. Weaver, Administrator
Department of Housing and Urban Development
Attention: Douglas E. Chaffin, Director of Personnel

P. N. Brownstein, Commissioner
Federal Housing Administration

Arthur S. Flemming Award

I am very pleased to submit the nomination of Monte Ray Niblack, Associate Deputy Commissioner for Management, for the Arthur S. Flemming Award.

Mr. Niblack has made a very significant contribution to our programs and operations and is a person of exceptional talent and ability. I feel that he is the type of federal official which the Arthur S. Flemming Awards Program seeks to recognize.

P. N. Brownstein
Commissioner

Attachment
cc: Commissioner
Bazan, 1043 Laf.
Montgomery, 1047 Laf. ✓
Awards File, 610 Laf.

AIRHN:BAZAN:m 11/10/65 A18409

1. Nominee's present duties and responsibilities:

Associate Deputy Commissioner for Management, Federal Housing Administration. As one of two associate deputy commissioners shares the over-all management administration of the agency under the supervision of the Commissioner and Deputy Commissioner; acts as policy adviser to the Commissioner and exercises general supervision over congressional liaison, public information, audit, examination, compliance, and administration, including budget, personnel, general services, and management; serves as chairman of the Automatic Data Management Board and is a member of the Executive Board, the Operations Analysis Policy Committee, and the Property Disposition Committee.

Chronology of federal employment:

Associate Deputy Commissioner for Management, Federal Housing Administration, GS-17, March 19, 1964, to present. Assistant Commissioner for Congressional Liaison and Public Information, Federal Housing Administration, GS-16, November 11, 1962, to March 19, 1964. Information Officer (Special Assistant to the Commissioner), GS-15, March 24, 1961, to November 11, 1962.

2. & 3. Nomination and supporting information:

The Federal Housing Administration takes pleasure in nominating Monte Ray Niblack, Associate Deputy Commissioner for Management, for the Arthur S. Flemming award. Mr. Niblack has been selected for his distinguished record in the federal service, his wide range of accomplishments, his outstanding ability, exceptional performance, and dedication to the public service.

Mr. Niblack has progressed in less than five years from information officer to one of the five top-ranking officials in the Federal Housing Administration. In each position he has held, his performance has been truly exceptional, and he has made a really significant contribution to the improvement of the agency's operations and service to the public and the achievement of its objectives.

Immediately following his appointment as Information Officer (Special Assistant to the Commissioner) in 1961, Mr. Niblack brought to bear his initiative and vision in revitalizing and expanding the public information program of the agency. Special emphasis was placed upon the needs of the American public for consumer information so that they would be well informed in the purchase of homes and in housing credit, its costs and its benefits.

As Assistant Commissioner for Congressional Liaison and Public Information, Mr. Niblack was responsible for a substantial internal reorganization of the Office of Congressional Liaison and Public Information aimed toward maximum efficiency. He broadened the scope and effectiveness of the activities of the office and achieved a marked reorientation of the office's function of keeping the Congress of the United States and the American public informed on a timely basis of program results and activities.

The emphasis on consumer information was continued and intensified. The program of publishing fact sheets on various aspects of FHA programs and operations on an unscheduled basis was completely revamped. The publications were redesigned and issued as "Consumer Bulletins." Seventeen consumer bulletins were prepared and published explaining in easy to understand lay language the purpose and operation of all agency programs. Typical, too, of the imaginative approach under Mr. Niblack's direction was the publishing of a consumer bulletin in Spanish for use in Puerto Rico and the Spanish-speaking sections of New York City. For those prospective home buyers with minimum educational backgrounds and exposure to the problems of mortgage financing and home ownership, a concise basic description of home buying procedures was prepared.

Attached is Consumer Bulletin No. 428, "FHA Financing for Home Purchases and Home Improvements." This is representative of the type of publication prepared under Mr. Niblack's aegis and has received favorable comment from prospective home buyers, the home building industry, Members of Congress, and from those agencies of the federal government concerned with consumer education. This is one of the few instances where a purchaser is given a clear idea of the cost of borrowing money. It readily illustrates how much of a long-term investment is represented by the equity in the purchased property and how much goes toward paying interest on the loan. The bulletin also gives an excellent guide in helping a prospective home owner judge his capacity to buy a home.

In 1963, the Federal Housing Administration held the first Honor Awards Program for excellence in residential design in government-assisted housing. A great part of the success of this program, which has been praised by both President Kennedy and President Johnson, was due to the imaginative and dramatic approach to the encouragement of good design in single and multi-family housing construction. Mr. Niblack's breadth of vision and ability in the development and presentation of new concepts and ideas played an important role in the development and execution of this successful program and guided the preparation of the brochures, announcements, and releases in connection with the program. The success of the 1963 program was underscored by the action of the Housing and Home Finance Agency in 1964 in holding a second program with participation this time by other constituent agencies of HHFA, the Public Housing Administration, the Community Facilities Administration, and the Urban Renewal Administration. Press and industry comment on these programs was overwhelmingly favorable.

Over the past several years, Commissioner Philip N. Brownstein has directed the efforts of the agency in a major program to sell properties acquired by FHA in the course of its mortgage insurance operations. One of the heaviest concentrations of acquired properties was in the State of Florida. A bold

attack on this problem was the publication by FHA under Mr. Niblack's direction of a brochure spelling out to prospective home purchasers the home buying opportunities available in Florida. Similar brochures were used in advertising acquired properties in other areas of the country.

Since May of 1964, FHA's rate of sales of acquired home properties has exceeded its acquisitions, and the total inventory of acquired properties has steadily declined. A significant share of FHA's success in disposing of these properties can be attributed to the effectiveness of these brochures.

Public service announcements concerning FHA's programs have occasionally been employed in previous years. Under Mr. Niblack's direction, this program was established on a nationwide basis. There are currently 11 radio spot announcements and four television series describing FHA's programs of home financing and home improvement being used by 503 TV stations and 1,380 radio stations. These imaginative announcements have been readily utilized by the stations as demonstrated by the fact that a total of approximately $12,670 worth of TV air time and $29,965 of radio time has been made available to the agency during the period of January through September, 1965.

One of the most urgent needs of the home building industry is the more efficient use of residential land to meet the housing requirements of our increasing population and expanding urban centers. To meet this need, FHA has fostered the planned unit development in which individually owned housing units are combined with commonly owned open areas and facilities for recreational and other uses. In 1964, the Public Information Office of FHA, working closely with the Technical Standards Division, published a comprehensive brochure which was developed under the personal supervision of Mr. Niblack. This brochure has been hailed enthusiastically by the home building industry.

In his present position as Associate Deputy Commissioner for Management, Mr. Niblack has again brought to bear his exceptional abilities, keen insight, and initiative. He was instrumental in establishing the Automatic Data Management Board, of which he is chairman, to coordinate and guide the planning and application of automatic data processing to the work of the agency. His alert response to the ramifications of procedural changes in the agency resulted in studies which effected very significant manpower savings in field offices with consequent reduction in expenditures of major proportions. He has served as a member of the Property Disposition Committee, making a significant direct contribution to the effectiveness of FHA's property disposition program and particularly the accelerated disposition of multifamily housing projects. Sales of acquired multifamily projects have increased from 3,900 units in the fiscal year 1964 to 6,800 units in 1965 and are expected to increase further to approximately 9,000 units in the current fiscal year.

Mr. Niblack served as a member of a select task force to review and make recommendations for the improvement of the agency's multifamily housing mortgage insurance programs.

At the request of the Department of State, Mr. Niblack visited Colombia and made a report and recommendations concerning the housing agency of the government of Colombia.

Mr. Niblack has also reorganized the compliance coordination function of the agency, worked effectively to improve procedures for filling executive positions, and reorganized and decentralized field audit activities of the agency in order to reduce expenses and improve the effectiveness of the audit program.

Mr. Niblack's contribution to the agency's program and management has been characterized throughout by a breadth of approach to national problems and FHA resources and responsibilities. In all of his assignments, Mr. Niblack gives unstintingly of himself and makes a contribution far beyond the limits of his own assigned tasks. His own ability to see each problem broadly in all of its complex ramifications stimulates and inspires his colleagues to make the joint effort of the agency's management more effective, more imaginative, and more responsive to public needs. His keen sensitivity to policy considerations, his unswerving devotion to the public interest, and his exceptional abilities in developing and improving the programs and operations of the Federal Housing Administration have made an important contribution to the agency's achievement and to the effectiveness of the federal government's mortgage insurance and housing programs.

4. Publications prepared by or under the direction of the nominee (partial list):

Consumer Bulletin, FHA No. 428, FHA Financing for Home Purchases and Home Improvements (Copy attached).

FHA No. 514, Homes in Florida (Copy attached).

Housing for the Elderly - Carlsbad, California.

Housing for the Elderly - Dallas, Texas; Tucson, Arizona; Shreveport, Louisiana; Hot Springs, Arkansas.

FHA 428-A, An FHA "Quick Guide" to Buying a Home.

FHA 1963 Honor Awards for Residential Design.

FHA 1964 Awards for Residential Design.

FHA No. 1097, Land Planning Bulletin No. 6, Planned-Unit Development with a Homes Association.

A Comparison of FHA Home Improvement Programs (FHA 770).

FHA Assistance for Home Trade-Ins (FHA 793).

FHA Experimental Housing Program (FHA 246).

FHA Forbearance Provisions (FHA 467).

FHA Home Mortgage Insurance (FHA 203).

FHA and the Home-Buying Serviceman (FHA 895).

FHA Insured Loans for Major Home Improvements (FHA 206).

FHA Mortgage Insurance on Housing for the Elderly (FHA 247).

FHA Mortgage Insurance for Condominiums (FHA 491).

FHA Mortgage Insurance for Rental and Cooperative Housing for Persons of Low and Moderate Income - Below-market Interest Rate Program (FHA 221).

FHA Mortgage Insurance for Urban Renewal (FHA 528).

FHA's Cooperative Housing Program (FHA 3839).

FHA's Rental Housing Program (FHA 415).

Nursing-home Mortgage Insurance (FHA 696).

Title I Property Improvement Loans (FHA 512).

UNITED STATES OF AMERICA

Federal Housing Administration

Recognizing the leadership he displayed in the difficult field of executive management and specifically in revitalizing the public information service of the Federal Housing Administration and in automating the complex FHA personnel inventory, the Federal Housing Administration wishes to convey its gratitude and appreciation to

M. RAY NIBLACK

Associate Deputy Commissioner for Management

Mr. Niblack, by his ability, leadership and perseverance, made a major contribution to the improved service the FHA is offering to the public.

Washington, D.C., January 14, 1966

Philip N. Brownstein

Commissioner, Federal Housing Administration

EXECUTIVE
FG170

January 20, 1966
Thursday 5:10 pm

MR. PRESIDENT:

Bill Sherrill has been in Washington all day today.

He has had conferences with Robert Weaver, Robert Wood, Joe Califano, Jake Jacobson, Marvin Watson and me.

Jacobson, Watson, Califano and I all agree to recommend to you that Sherrill be appointed to the post of Assistant Secretary for Administration in the new Department.

It is a non-confirmable job.

Its principal tasks are personnel, management, financial and budgeting -- all areas where Sherrill's expertise, both from education and actual public and private experience, uniquely suit him for the job.

Of course, he is and has been for many years a totally devoted LBJ man.

According to Sherrill and Califano, Weaver wants to put a bureaucrat in the job, but is not inflexible about it.

May I ask Califano to pass along to Weaver the recommendation that Sherrill would be an excellent man for the job?

Yes____ No_____

Jack Valenti

JV:sb

JAN
CEN

thing else sent to
nral Files as of 5/3/66

Mr President

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YES _____ NO _____

gab/

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

13c
EXECUTIVE
FG 10
FG 170

January 20, 1966.

MEMORANDUM FOR: Joseph A. Califano, Jr.
Special Assistant to the President
The White House

filed Case

In reply to your memorandum of January 15, I am pleased to report that a modernizing and streamlining program is underway in this Department.

We intend to use the new powers of organization granted the Secretary under the Department of Housing and Urban Development Act to the fullest advantage in developing the Department. As you know, we are engaged now in detailed planning for the organization changes which we expect to make, and we will have uppermost in our minds the President's objectives of strengthening agency management and promoting economy in the administration of our functions. A particular need here which will be met in our new organization is to strengthen the coordination of closely related programs, both within our own Department and with other Departments of the Government.

Our Departmental status act provides in Section 5 (c) for the undertaking by the President of studies of the organization of housing and urban development functions and programs within the Federal Government and for providing Congress with the conclusions and recommendations resulting from the studies, including recommendations regarding the transfer of functions and programs to or from the Department. It may well be that these studies and the continuing review of Presidential task force recommendations may result in recommendations for transfers of functions or programs between this Department and others. We are not prepared now, however, to make immediate recommendations for this purpose.

Sincerely yours,

Robert C. Weaver
Secretary

Orig not sent to file as of 4/1/66

EXECUTIVE (3)
CP2-3/LG/1966
FG 170/170
LG
FG 170

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

January 24, 1966

MEMORANDUM TO: Joe Califano, Jr.
Special Assistant to the President
The White House

Attached are two copies of lists of members of Congress who I think should be invited to the briefing session relative to the 1966 Message on the Cities. If anything, it is more on the inclusive side, but I think deletions are easier to make in instances of this type.

Robert C. Weaver
Secretary

LD

EXECUTIVE (3)
PR6-1/M+
AUTOGRAPH FILE M+
FG170

January 25, 1966

Dear Mr. Wood:

Enclosed for your transmittal is the photograph which the President was happy to inscribe to Master Eric Miller. This is per your request of January 21.

Sincerely,

David A. Bunn
Aide for Congressional Relations

Mr. Burton C. Wood
Director of Congressional Liaison
Department of Housing and Urban Development
Washington, D. C.

Enclosure: Photo of President shaking hands with Master Eric N. Miller at WH Christmas party. Inscribed: "With best wishes to Eric Miller - Lyndon B. Johnson"

RECEIVED
JAN 28 1966
CENTRAL FILES

Tuesday, January 25, 1966
8:35 p.m.

EXECUTIVE
PE2
7G170

7G 11-8-1/Lawrence, David L.

MEMORANDUM FOR

Governor David L. Lawrence

Thank you for your memo concerning Bill Slayton and of the high esteem in which the mayors hold him. I am taking the liberty of passing your memo to the proper people.

I appreciate your bringing this to my attention.

W. Marvin Watson

cc: John Macy
Robert Weaver

with cc of incoming

WMW:RGM:hm

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JAN 26 1966
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