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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	for the President from Joe Califano w/att. file	10/7/68	C
memo	for Robert Weaver and Robert Wood from John B. Clinton w/cover memo to Levinson CR	10/24/66	C
memo	for the President from Walter Farr w/att. file & <del>XXXXXXXXXXXXXXXXXXXX</del>	<del>XXXXXXXXXX</del> 3/3/67	C
letter to	to Joe Califano from Sen. Douglas	11/28/66	C
letter	to the President from Sen. Douglas	12/4/68	C
memo	for the President from Marvin Watson CR	4/26/67	C
memo	for the President from Joe Califano w/att. file	3/2/67]	C
memo	for Larry Levinson CR	2/11/67	C
memo	for the President from Joe Califano w/att. file	1/3/67	C
memo	for the President from Joe Califano w/att. file	10/15/66	C
memo	for the President from Joe Califano w/att. file	8/27/66	C
memo	for Howard Shuman from Larry Levinson w/att. file	1/31/67	C
memo	to Jim Jones from Manager, White House Area CR	1/13/67	C

*open 4/25/2005*

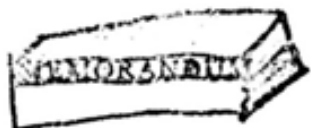
FILE LOCATION

Exec. FG 170/A-Z

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(C) Closed in accordance with restrictions contained in the donor's deed of gift.

EF



P

THE WHITE HOUSE  
WASHINGTON

October 7, 1968  
1:00 p.m., Monday

EXECUTIVE

FG170/A\*  
Smith, Seymour E.  
Forest, Joseph H.  
Youngman, Sam S.  
Wozencraft, Frank  
Bartlett, Joe  
Rass, Stanford  
Smith, Fred  
FG11-8-1/ Furness, Betty  
Alvord, Joseph  
Barr, Joseph  
Stewart, Richard  
Price, Neal  
Bolton, John F.  
Byrant, Abner  
Sorenberg, Herbert  
McClain, Hunter  
Raddis, Richard

FOR THE PRESIDENT

FROM Joe Califano *[Signature]*

Attached is a memorandum from Robert Weaver concerning the  
\*Advisory Board for Riot Reinsurance, under the new Housing Act.

These are secretarial appointments. However, it is important that  
the Board be a strong one. I believe some of the names should be  
changed to add some of the men who helped develop this important  
new law on the Hughes Panel.

Macy and I recommend the following names:

Private Insurance Industry

(These are leading insurance executives and were chosen with an  
eye to getting enlightened men who have the respect of the entire  
industry. By law there must be at least four on the Board.)

- A. Addison Roberts, President, Reliance Insurance Company,  
Philadelphia. He was on the Hughes Panel and was very help-  
ful there.

Approve ✓ Disapprove       

- Gus Wortham, Chairman of the Board, American General  
Insurance Company, Houston, Texas.

Approve ✓ Disapprove       

- Edward B. Rust, President, State Farm Insurance Company,  
Bloomington, Illinois. He is considered very much behind the  
program and head of a very important and progressive company.

Approve ✓ Disapprove       

*Original to Mrs. Terrio*

- Seymour E. Smith, Senior Vice President, The Travelers Insurance Companies, Hartford, Connecticut. This is one of the leading stock companies, and he is considered a particularly brilliant executive.

Approve ✓ Disapprove       

- Joseph H. Forest, Vice President, Liberty Mutual Insurance Company, Boston, Massachusetts. He is on the list to represent the mutual insurance companies.

Approve ✓ Disapprove       

- William S. Youngman, former President of C. V. Starr and Company. You indicated an interest in seeing him on this Board. He is now Chairman of the American Home Assurance Company, and a director of the American International Reinsurance Company.

Approve ✓ Disapprove       

#### Federal Employees

(By law not more than six. These should represent other departments interested in this problem.)

- Frank Wozencraft, Assistant Attorney General, Office of Legal Counsel. He was a member of the Hughes Panel, and would bring knowledge of the program and great legal ability to the group.

Approve ✓ Disapprove       

- Joe Bartlett, Under Secretary of Commerce. Commerce has a deep interest in this program, and Bartlett is a good lawyer.

Approve ✓ Disapprove       

- Stanford Ross, General Counsel, Department of Transportation. Stan, as Executive Director of the Hughes Panel, put this insurance program together and knows more about it than anyone in the government. In addition, Transportation has a real interest in insurance problems, with the on-going automobile insurance study.

Approve ✓ Disapprove

- Fred Smith, General Counsel, Treasury. The financial aspects of this program are important, and Treasury should be represented.

Approve ✓ Disapprove       

- Betty Furness, Special Assistant to the President for Consumer Affairs. She would be on the Board to represent the consumers' interests.

Approve ✓ Disapprove       

#### State and Local Government

(Not less than four to be representatives of State insurance authorities.)

- Mayor Alioto of San Francisco.

Approve ✓ Disapprove       

- Mayor Joe Barr of Pittsburgh.

Approve ✓ Disapprove       

- Richard Stewart, Superintendent of Insurance, New York. Everyone agrees that he is one of the outstanding men in the country in this field and should be on this advisory group.

Approve ✓ Disapprove       

- Ned Price, Insurance Commissioner of Texas, and President-elect of the National Association of Insurance Commissioners.

Approve ✓ Disapprove       

- John F. Bolton, Jr., Director of Insurance, Illinois.

Approve ✓ Disapprove

- Horace Bryant, Deputy Insurance Commissioner of New Jersey. He was helpful in setting up the program. He is one of the few Negro insurance officials, and is very close to Richard Hughes.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

General Public

- Herbert Denenberg, Professor at the Wharton Business School, University of Pennsylvania. He was the chief academic adviser to the Hughes Panel and is well respected in the industry and in government.

Approve ☒ \_\_\_\_\_ Disapprove \_\_\_\_\_

- Richard Raddis, former Insurance Commissioner of California under Pat Brown. He is now teaching insurance at the University of Washington and is respected as an outstanding thinker and administrator in this field.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

If you approve, Bob Weaver will announce these names after FBI checks are made.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Attachment

*Hunter McClain*  
*former ch*  
*Tax Com*  
*now private*  
*ministry*  
*W. W. T. -*

(26)

reid  
6:20P  
9/25/68

Re: William S. Youngman

The enclosed release explains my New Hampshire address for Youngman in my memorandum of September 19.

This makes him particularly available for the appointment I suggested in that memorandum.

Send to California  
Call me

Joe Adv Group

TRANSFERRED TO HANDWRITING FILE

DRAFT

9/23/68

Mrs. Youngman and I have relinquished our residence in New York on September 27, 1968 and have returned to my family house at the northern end of Newfound Lake in New Hampshire, on Route 3A, nine miles north of Bristol.

Our residence address is:

East Hebron  
New Hampshire 03232

Telephone: (603) 744-2960

My new office address is:

1750 Elm Street  
Manchester, New Hampshire 03104

This office is in the building of the New Hampshire Insurance Company to which I have become a corporate consultant.

Recently I have been ordering my obligations to organize myself out of an administrative job in the fascinating but detail-demanding foreign field of insurance business. In that field I have invested twenty years of my life since in 1947 I regretfully withdrew from an attempt to rebuild war-torn China.

The companies I have been administering under delegation from the genius of Cornelius V. Starr are now achieving their highest state ever of organization and profit and have given me financial flexibility at the peak of life. I felt justified therefore in avoiding submersion in administrative detail by retiring from many but not all of the offices of leadership in my companies.

This has permitted me to establish a new base in New Hampshire for my interests in my native New England. I do not intend to enter active politics as did my father. But this new detachment and withdrawal from the complicated demands of New York will permit me to participate as a private citizen more fully in large public problems which I first met in my years in Washington and in China and in which I have lately felt increasingly compelling interest.

I am not withdrawing abruptly from my associations. I will continue as Chairman of the American Home Assurance Company and as a director of American International Reinsurance Company, and will keep active in aspects of the insurance business which I hope will be constructive in the public interest.

But I have been stirred by the inscription in the church at the silver town of Taxco, Mexico, built by a lucky miner named Borda: "God gave to Borda: Borda gives back to God." I felt I should use my remaining vigorous years to give back to New England and the country something of what they have given to me.

William S. Youngman

P 7  
OCT 6 58  
CENTRAL



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C. 20410

AUG 6 1968

MEMORANDUM FOR: Honorable John W. Macy, Jr.  
Chairman, Civil Service Commission

Attached please find a list of those whom I wish to appoint to the Advisory Board for our Riot Reinsurance Program pursuant to Section 1202 of the National Housing Act as added by Section 1103 of the new Housing and Urban Development Act of 1968.

I am now in the process of obtaining security clearances, and when this is completed I would like to proceed with the announcements with your approval.

Also attached is pertinent information from the new Act pertaining to the Advisory Board.

  
Robert C. Weaver

Attachments

\* Nominated by Insurance Industry

Advisory Board for the Riot Reinsurance Program

Private Insurance Industry (not less than 4)

A. Addison Roberts*	President, Reliance Insurance Company 4 Penn Center Plaza Philadelphia, Penn. 19103
Seymour E. Smith*	Senior Vice President, The Travelers Insurance Companies One Tower Square Hartford, Connecticut 06115
Edward B. Rust*	President, State Farm Insurance Companies 112 East Washington Street Bloomington, Illinois 61701
Frank L. Farwell*	President, Liberty Mutual Insurance Co. 175 Berkeley Street Boston, Massachusetts 02117
Donald R. McKay	Vice President, American Reinsurance Co. 99 John Street New York, New York, 10038

Federal Employees (not more than 6)

Roger Wilkins	Director, Community Relations Service 512 9th Street, N. W. Washington, D. C.
Howard Samuels	Small Business Administration 1441 "L" Street, N.W. Washington, D. C. 20416
William Ross	Deputy Under Secretary Dept. of Housing and Urban Development Room 10120, 451 7th St., S.W. Washington, D. C.
Lawrence C. McQuade	Department of Commerce 14th & Constitution Ave., N.W. Washington, D. C. 20230

Advisory Board for the Riot Reinsurance Program

Federal Employees (Contd.) (not less than 6)

Philip N. Brownstein

Assistant Secretary  
Dept. of Housing and Urban Development  
Room 6100, 451 7th Street, S. W.  
Washington, D. C.

Mary Gardner Jones\*

Commissioner, Federal Trade Commission  
Penn. Avenue at 6th Street, N. W.  
Washington, D. C.

State & Local Government (not less than 4 to be representative of State  
insurance authorities)

Carl Stokes

Mayor of Cleveland  
Cleveland, Ohio

Ivan Allen

Mayor of Atlanta  
Atlanta, Georgia

John Hechinger

Chairman of the D. C. Council  
Washington, D. C.

(Regulators)

John F. Bolton, Jr.\*

Director of Insurance, State of Illinois  
106 State House  
Springfield, Illinois

Richard E. Stewart\*

Superintendent of Insurance,  
State of New York  
123 William Street  
New York, New York 10038

James Falstich\*

Insurance Director, Dept. of Commerce  
158 12th Street, N. E.  
Salem, Oregon 97310

David Dykhaus

Commissioner of Insurance  
Insurance Bureau for the State of Michigan  
111 North Hosmer Street  
Lansing, Michigan 48913

Advisory Board for the Riot Reinsurance Program

General Public

Raymond Leslie

President, Carver Loan & Investment Co.  
1910 West Columbia Avenue  
Philadelphia, Penn.

4501

EXECUTIVE  
FG 170/N \*  
FG 170/B \*  
FG 170

Robert C. Weaver  
✓ Robert C. Wood

John B. Clinton

Additional Candidates for the Building Codes Study  
Commission

THE UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT

TRANSMITTAL SLIP

ROUTE TO:	NAME	ROOM	BUILDING
1.	Mr. Levinson - White House		
2.			
3.			
4.			
5.			
6.			

- ☐ Action
- ☐ As requested
- ☐ Surname
- ☐ Approval
- ☐ Signature
- ☐ Your information
- ☐ Prepare reply for Under Secretary's Signature

REMARKS:  
Assume the transmittal  
we really have to have  
a serious discussion on  
this one soon.  
\* National Commission  
on Urban Affairs

10/24/66

FROM: Robert C. Wood  
DATE: 10-24

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the President  
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st thoughtful  
the industry.  
fano and Ralph

filed  
240, 1968

BB/John  
Mary Jo:

Mar 3, 1967

Mr. Califano said he thought this problem had been solved -- this for your files.

O.K?

File

peg hoxie

Joe, please prepare a memo to the President with your recommendation on the attached.

Return to me -- and I will attach my recommendation.

Thanks.

Marvin

W. S.

Feb. 3, 1967

RECEIVED  
W. MARVIN WATSON

600 1000

1967 FEB 31 PM 2 55

with those -- devices used  
for welding and grinding on other materials

Joe, please prepare a memo to the  
President with your recommendation  
on the attached.

Return to me -- and I will attach my  
recommendation.

Thanks.

Marvin

Feb. 3, 1967

*Rancho*  
*12-27-66*  
*11:00 a*

EXECUTIVE  
FG170/11\* (3)  
DEH-2/FG170  
FG170

THE WHITE HOUSE  
WASHINGTON

December 23, 1966  
Friday -- 1:00 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Walter G. <sup>\*</sup>Farr, Jr., to be Director,  
Demonstration Cities Administration

Secretary Weaver would like to appoint Mr. Walter G. Farr, Jr. to the Schedule C, Level V, position of Director, <sup>\*</sup>Demonstration Cities Administration.

Mr. Farr, 41, has an unusual background. Currently he is Deputy Assistant Administrator of the Bureau for the Near East and South Asia, of the Agency for International Development. Previously he had served successively as Special Assistant to the Administrator, Assistant General Counsel, and Director of the Office of Afghanistan and Pakistan Affairs, of AID.

From 1959-62, Mr. Farr, as an attorney in New Haven, Connecticut, served as counsel to the New Haven Redevelopment Commission. During this period he worked closely with Mayor Richard Lee on problems involved in the New Haven redevelopment effort. Both Mayor Lee and Assistant Secretary Ralph Taylor enthusiastically recommend Mr. Farr.

Farr's subsequent involvement with foreign economic assistance will be a real asset in his work as Director of the Demonstration Cities program, as it involves bringing many divergent resources to bear on a common problem. Farr is an exceptionally good administrator and has demonstrated loyalty to the policies of your Administration in his work at AID. He has expressed an even stronger interest and commitment to the concept of your Demonstration Cities program and would like very much to accept this challenge.

Nothing else sent to  
Central Files as of 3/7/67  
LB

Secretary Weaver and Assistant Secretary Ralph Taylor have conducted an intensive search for the right man to head this effort. They are convinced, and I concur, that Mr. Farr is the right man to take on this assignment. Before giving your approval, I would urge you to meet Mr. Farr and assure yourself that he is the man you want. I will be glad to arrange for him to visit you at the ranch or, if you prefer, see you when you return to Washington.

National Committee and Congressional clearances have been obtained, and Mr. Farr's security investigation is clear and current. A biographic summary is attached.

  
John W. Macy, Jr.

Attachment

Approve Farr \_\_\_\_\_

Have Farr see me:

at the ranch \_\_\_\_\_

in Washington \_\_\_\_\_

Recommend other candidates \_\_\_\_\_

Discuss with me \_\_\_\_\_

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410

DEC 5 1966

The President  
The White House  
Washington, D. C.

Dear Mr. President:

I should like to appoint Mr. Walter G. Farr, Jr., to the Schedule C position of Director, Demonstration Cities Administration, Level V.

The Director, Demonstration Cities Administration serves as the principal advisor to the Assistant Secretary for Demonstrations and Intergovernmental Relations with respect to the development, administration and accomplishment of this program. His responsibilities include the development of plans, policies, standards and procedures; direction and coordination of the program; and the maintenance of effective liaison with officials of other Federal agencies, officials of public and private organizations at the local level and with the staff of the Department of Housing and Urban Development.

While in New Haven, Mr. Farr had excellent experience in the problems of local government. He served as a member of the Community Human Relations Council and of the Board of Zoning Adjustment. As a partner of the law firm serving as special counsel to the New Haven Redevelopment Commission during the formative and most difficult period of the program, he participated in the policy formulation processes.


In addition, in his assignment in the Agency for International Development, Mr. Farr has had successful experience in program development and administration. His AID experience involved the development of local capability, the initiation and the support of the process of change and adjustment and the analysis of conflicting forces. This experience will have direct applicability

in his proposed assignment. He also has demonstrated his ability to develop and maintain effective working relationships with high level public officials.

Because of his very pertinent experience and his superior personal qualities, we feel fortunate that Mr. Farr is interested in undertaking this very important assignment.

So that you may have more detailed information as to Mr. Farr's experience and training, I am enclosing a copy of his application.

Respectively yours,

  
for Robert C. Weaver

Enclosure

## BIOGRAPHIC DATA

FARR, Walter G., Jr.

Age 41 (Born Feb. 24, 1925  
in Wenonah, New Jersey.)

Home:

3932 Huntington St., N. W.  
Washington, D. C. 20015

## PRESENT POSITION

Deputy Assistant Administrator,  
Bureau for the Near East and South Asia,  
Agency for International Development

## EDUCATION

1948	B.S., Yale
1957	LL.B., Yale

## PREVIOUS EXPERIENCE

1951-1954	General legal practice, Paul, Weiss, Rifkind, Wharton & Garrison, New York City
1955-1962	General legal practice, Gumbart, Corbin, Tyler & Cooper, New Haven
1962	Special Assistant to the Administrator, AID.
1962-1963	Assistant General Counsel, AID.
1963-1964	Director, Office of Afghanistan and Pakistan Affairs, AID.
1964 --	Deputy Assistant Administrator, Bureau for the Near East and South Asia, Agency for International Development

## ALSO

1958-1962	Visiting lecturer in law, Yale Law School
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## MILITARY EXPERIENCE

1943-1946	U. S. Army
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SOURCE: Walter G. Farr, Jr., Form 57

RECEIVED  
MAR 6 1967  
CENTRAL FILES

EXECUTIVE ④

FG 170/C\*

FG 170

FG 1

LE

August 14, 1967

MEMORANDUM FOR Honorable Robert C. Weaver  
Secretary of Housing and Urban  
Development

It would be helpful if you would submit by Monday, August 28,  
1967, a status report on your Committee on Planning Coordination  
which was established in April of this year. We would like to  
know the areas which the Committee is studying as well as  
recommendations which the Committee might make for legislative  
or administrative action.

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

RECEIVED

AUG 23 1967

CENTRAL FILES

Nothing else sent to  
Central Files as of 9-9-67

EXECUTIVE

PEH-2/FG-170

FG 170/D\*

November 28, 1966

Dear Mr. Chairman:

The President today signed an Executive Order <sup>H/113/6</sup> entitled "Placing an Additional Position in Level V of the Federal Executive Salary Schedule," a copy of which is enclosed.

Sincerely,

William J. Hopkins  
Executive Assistant  
to the President

Honorable John W. Macy, Jr.  
Chairman  
Civil Service Commission  
Washington, D. C.

Enclosure

taj

\* Demonstration City Administration

THE WHITE HOUSE  
WASHINGTON

September 5, 1968  
Thursday - 2:30 p.m.

EXECUTIVE

F&I70/F★

MEMORANDUM FOR THE PRESIDENT

SUBJECT: ~~★~~ Federal Insurance Administrator -- James H. ~~★~~ Hunt

Attached (Tab A) is Secretary Weaver's recommendation of James H. Hunt of Vermont to fill the newly created position of Federal Insurance Administrator. This is a Level IV position authorized by the Housing and Urban Development Act of 1968. It is a Secretarial appointment, with the President's approval.

The responsibilities of this post lie primarily in riot re-insurance, with some additional responsibilities in flood damage insurance programs.

I have discussed the Secretary's recommendation with John Macy, who is away this week, and he asked me, on his behalf, to support the Secretary's recommendation of Hunt. We have conducted some independent checks on Hunt and have found him to have an outstanding reputation. As Commissioner of Banking and Insurance for the State of Vermont, he is known to be highly intelligent, independent, and imaginative. Friendly and personable, Hunt gets along well with the industries he regulates without being their captive. He has something of a national reputation as one of the best state insurance commissioners. A biographic summary is attached (Tab B).

Hunt is a Democrat. Although he was appointed by Governor Hoff, he is not particularly close to Hoff and is not identified with him, beyond the fact that he is in Hoff's Administration.

*James C. Falcon*  
James C. Falcon

Approve \_\_\_\_\_

Submit other candidates \_\_\_\_\_

Call me \_\_\_\_\_

RECEIVED  
SEP 9 1968  
CENTRAL FILES





THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C. 20410

AUG 20 1968

Dear Mr. President:

H  
The Housing and Urban Development Act of 1968 established within this Department a new position of Federal Insurance Administrator in Executive Level IV, with responsibility for planning, establishing, and directing the critical new insurance programs authorized by Titles XI and XIII of the Act. These programs will provide private insurers with reinsurance against losses resulting from riots or civil disorders and will provide a national program of insurance against losses resulting from flood damage, including encouragement to State and local governments to control land uses and development so as to minimize flood damages.

Because of the early effective dates provided by the Act, and because of the potential impact of these programs upon achieving the goals of this Department, as well as the broader goals you have set for the Federal government, I wish to move quickly toward the appointment of a capable administrator, experienced in the field of insurance.

In order to initiate and carry out these programs expeditiously and effectively, I wish to appoint Mr. James H. Hunt to the position of Federal Insurance Administrator. Mr. Hunt, who is a resident of the State of Vermont, has had extensive experience in key positions in the field of insurance administration as well as in public service. A former employee of the National Life Insurance Company, where he attained the office of Assistant Actuary, he became Deputy State Treasurer of the State of Vermont and is now Commissioner of Banking and Insurance. He attended Burlington (Vermont) High School and Middleburg College, where he received his AB degree in 1954. I believe he can effectively discharge the responsibilities of this position.

I will appreciate your early approval of this proposed action.

Respectfully yours,

  
Robert C. Weaver

The President  
The White House  
Washington, D. C. 20501

WHITE HOUSE  
MAIL ROOM

1968 AUG 20 PM 4 19

March 20<sup>th</sup>  
many FYI



B

BIOGRAPHIC DATA

HUNT, JAMES H.

Age 35 (Born December 2, 1932)

Home: 5 Pinewood Road  
Montpelier, Vermont

PRESENT POSITION

Commissioner of Banking and Insurance, State of Vermont

EDUCATION

1954 A.B., Middlebury College

PREVIOUS EXPERIENCE

1965 Assistant Actuary, National Life Insurance Company  
1965 Deputy State Treasurer, State of Vermont  
1965-now Commissioner of Banking and Insurance, State of Vermont

ALSO

Fellow, Society of Actuaries

FAMILY DATA

Married. 5 children

SOURCE: Who's Who in Banking  
August 21, 1968 - mw

U.S. DEP

BB/

EXECUTIVE

TN2

LG

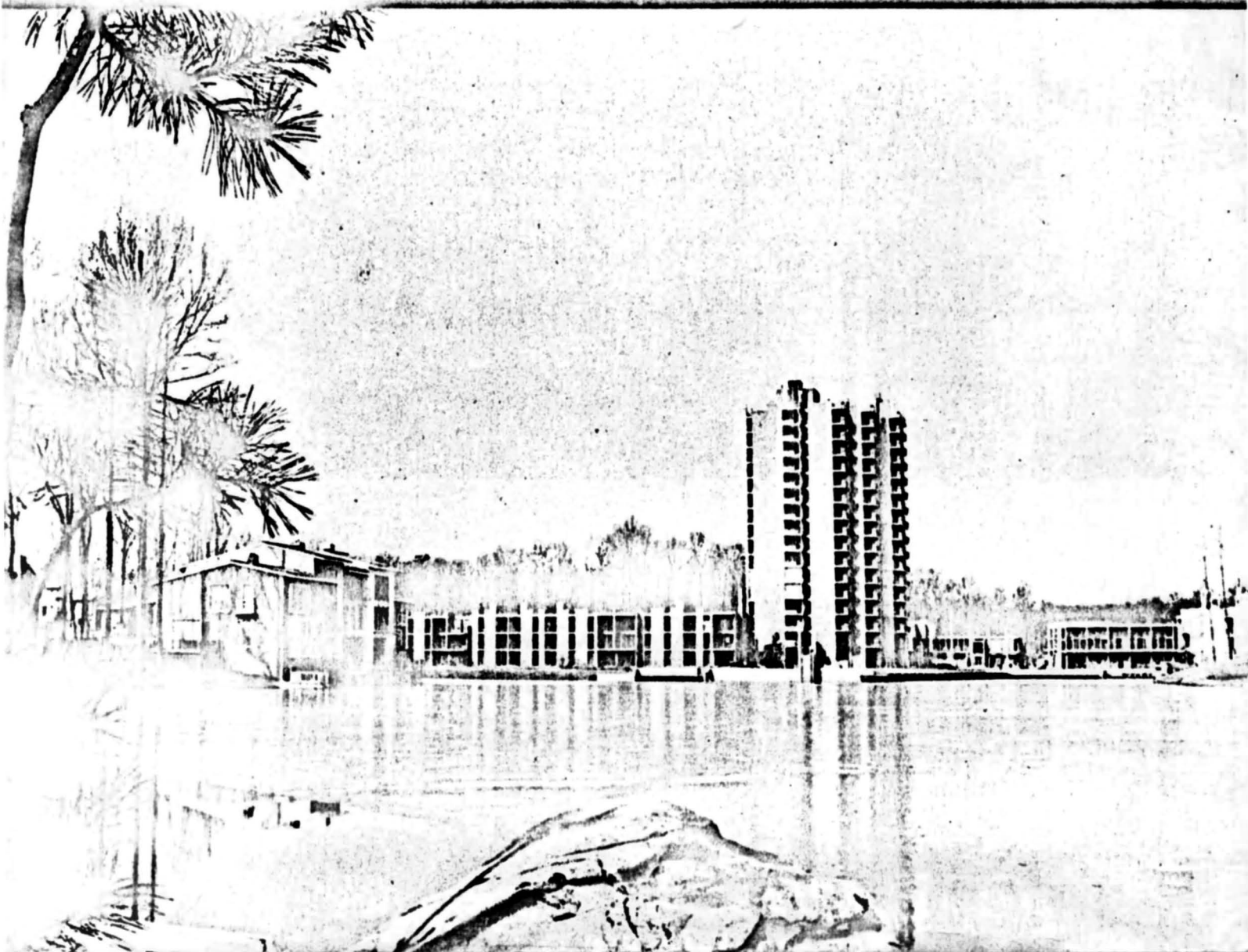
FG170/11\*

(2)

8/10/67

\*Metropolitan Development,  
Office of

# METROPOLITAN DEVELOPMENT



From the desk of *Robert C. Wood*  
UNDER SECRETARY

*1/24*

Joe:

Per our conversation.

*Re*

RECEIVED

APR 16 1967

CENTRAL FILES

EXECUTIVE ②  
FG 170/m\*  
LA  
FG 170

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

January 24, 1967

MEMORANDUM FOR: Honorable Marvin Watson  
Special Assistant to the President  
The White House

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

Honorable John W. Macy, Jr.  
Chairman, Civil Service Commission  
The White House

SUBJECT: Model Cities Administration Staffing -  
Background

The search for the top management team of the Model Cities Program began some weeks in advance of the passage of the Model Cities authorizing and appropriation acts. Starting with the names of the unsuccessful candidates for Assistant Secretary level positions in HUD supplied by the White House, a careful nationwide search was conducted.

Although the staffing of the Model Cities Administration was a priority concern in the Department at this time, it shared precedence with pressing personnel problems in other areas of the Department. Simultaneously with the search for the Model Cities management team, the resources of the Department were straining to find candidates for such key positions as the General Counsel, the Deputy Assistant Secretaries for Housing and Renewal Assistance, the General Deputy for Renewal Assistance, and the Assistant Commissioner for Multifamily Housing.

Given the complexity, breadth, and scope of the Model Cities Program, it was early determined that the position of Director demanded someone with broad experience, administrative competence, and political sensitivity - someone in the image of Edward Logue, the Administrator of the Boston Redevelopment Authority. (Logue himself had been considered for an Assistant Secretaryship in HUD but had indicated his unavailability for a position at that level.)

Using Mr. Macy's White House contacts as well as the Department's own contacts throughout the country, a careful review was made of city and local government officials, redevelopment directors and other urban leaders with intimate experience of the city's operation.

In short order, it became apparent that probably there were no more than ten or twelve people in the country with this in-depth city background who could meet our high standards of leadership. Moreover, the Federal Government was at a disadvantage in competing for this scarce talent. Mayor Lindsay, who was also staffing up his city government during this period, and other city redevelopment agencies, could and did offer more in the way of salary (\$32,000 - \$40,000) and amenities than the Federal Government.

Firm approaches were made by the Department to Robert Pease, Pittsburgh Redevelopment Director; Justin Herman, San Francisco Redevelopment Director; and, Tom Appleby, Redevelopment Land Agency Director of the District of Columbia. All three candidates declined citing their desire to continue to make their contribution to the rebuilding of the city at the local level. Also, monetary considerations may have played some part.

Mr. Anthony Adinolfi, the Director of Planning for the Construction Fund for Higher Education for the State of New York, was also approached but he declined because with Governor Rockefeller's re-election, he was promised a more important role in the Governor's Administration.

Richard Strickhartz, the Comptroller for the City of Detroit, was approached but became unavailable when he was made an Assistant Vice President of Public Affairs at the General Motors Corporation at a significant salary increase.

Other important city officials such as John Williams - the Redevelopment Director for Oakland, California, were considered and upon careful review, judged to be not outstandingly qualified for this position.

Following these efforts and after some three months of intensive search throughout the country, re-evaluation of the essential components of the job was indicated. Close examination indicated that success in selecting candidates might be achieved if a package could be put together involving both the Director and Deputy Director of the Model Cities Administration. Instead of requiring all qualities of leadership and experience in the top man, it was felt that a search centered around the complimentary qualities and experience of both the Director and Deputy Director might be more fruitful.

The most important quality to be sought in the Director was a strong capability in administration and management. It was decided that these qualities need not be associated directly with city experience given Assistant Secretary Taylor's own background in the field. The Assistant Secretary believed that it was important to bring into the Model Cities Administration, experience on the social program side of city life and consequently, people with this background were considered for the Deputy position to compliment the Director's administrative experience.

The above selection criteria lead directly to consideration of the present candidate, Walter G. Farr, and the Secretary's choice for the Deputy position, Mr. John Buggs.

Farr, a Deputy Assistant Administrator in A.I.D. and a former colleague of Assistant Secretary Taylor's in New Haven, in November made known to Taylor his intense interest in the Model Cities Program and expressed a desire to be considered for the top position because of his conviction that the problem of the cities was the paramount challenge that faced this Nation.

At first appearance, the relevance of Farr's personal qualities and experience did not appear to justify his consideration. However, careful checks were made with Mike Sveridoff, the Human Resources Board Administrator of New York City; Edward Logue; Tom Appleby; Roger Wilkins, Director, Community Relations Service; as well as with John Macy's White House staff. These checks revealed the following:

- Farr had an outstandingly strong record in A.I.D. as an administrator and manager
- He had a creative and imaginative approach to problem solving
- His knowledge of Federal programs and procedures at the Washington level and his understanding of the developmental process gained in A.I.D., would be directly relevant to the demands of the Model Cities Program Directorship.

- Farr's relatively limited city experience (as private counsel for the New Haven Development Authority) could be compensated by the appropriate personnel selections at lower levels in the Administration.

#### Deputy Director

Simultaneous with the search for Director, the hunt for an appropriate Deputy went on.

Aldo Colautti, the Executive Secretary to the Mayor of Pittsburgh, emerged as one of the most knowledgeable people in the country in the operation of city government. Mr. Colautti was carefully screened and was eventually approached for the job as Deputy. Mayor Barr, reluctant to allow Colautti to depart, countered with an increase in salary which determined Colautti's decision not to accept the Model Cities Program Deputyship.

Subsequently, the talent search brought John Buggs to our attention. Mr. Buggs, a Negro, is the Chairman of the Los Angeles County Human Relations Commission (the Commission is not to be identified in anyway with the Los Angeles City Government). Mr. Buggs came recommended by Ramsey Clark and Roger Wilkins for his outstanding leadership during and after the Watts riots. He has been a strong positive force in the attempt to bring about the social as well as the physical rehabilitation of the Watts area. After additional careful checks, Mr. Buggs was sent to Secretary Weaver for consideration, was approved by him and will be shortly sent over to the White House for approval along with Mr. Farr.

#### Other Staff

Without waiting for selections to be made for the top two positions, a strong supporting Model Cities executive team was selected and is currently on-board and functioning. The three Assistant Directors are:

1. John McLean - Former Community Action Program Director for the City of Hartford.
2. Bernard Russell - Former Chief of the Office of Juvenile Delinquency in the Department of Health, Education, and Welfare.
3. John Clinton (whom you know) - My former Special Assistant and former Aide to John Macy on the White House staff.

In summary, I want to urge strongly the approval of Farr and Buggs for the one and two positions in the Model Cities Program. We believe the combination of qualities and experience Farr and Buggs have to offer argue for an effective team relationship. We have assured ourselves that they represent the best talent available to the Department at this time and they are equal to the tasks the offices demand. Mr. Farr's name has been under consideration now since early December. The Program will be seriously impaired if there are further delays or if the search must begin again de novo.

A handwritten signature in cursive script, reading "R. C. Wood". The signature is fluid and stylized, with the first letter "R" being particularly large and prominent.

Robert C. Wood

EXECUTIVE

FG 170/N \*

The White House  
Washington

1967 JUN 1 PM 9 27

WD082 PD

FAX LOS ANGELES CALIF 1 1003A PDT

JOSEPH A CALIFANO

THE WHITE HOUSE

I WILL BE HONORED TO SERVE AS A MEMBER OF THE NATIONAL  
COMMISSION ON CODES, ZONING, TAXATION AND DEVELOPMENT  
STANDARDS. REGARDS

WARREN CHRISTOPHER.

RECEIVED  
JUN 15 1967  
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JOE CALIFANO, JR.

1967 JUN 2 AM 10 13

WARREN CHRISTOPHER.  
STANDARDS. REGARDS  
COMMISSION ON CODES, ZONING, TAXATION AND DEVELOPMENT  
I WILL BE HONORED TO SERVE AS A MEMBER OF THE NATIONAL  
THE WHITE HOUSE  
JOSEPH A CALIFANO

FAX LOS ANGELES CALIF 1 1002A PDT

WDOBS PD

1967 JUN 1 PM 9 57

Office of the  
Attorney General

EXECUTIVE

X

May 31, 1967

X  
Mr. Warren Christopher  
455 N. June Street  
Los Angeles, California

The President would like you to serve as a Member of the  
\*X  
National Commission on Codes, Zoning, Taxation and  
Development Standards, which is chaired by former  
Senator Paul Douglas. I would appreciate it if you would  
wire your acceptance to me as soon as possible.

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

1450/gf  
THE WHITE HOUSE  
WASHINGTON

*Room 459*  
**EXECUTIVE**  
*FG 170/N\**

February 8, 1967

MR. CALIFANO:

The attached materials were sent over by Howard ~~X~~ Shuman. He has prepared a speech which you might want to use. There is also an outline of the same speech in case you don't want to use it (the speech) although you may want to read it to make the outline useful. He has left open the greetings from the President.

Excerpts from documents are also included, along with another copy of the agenda for tomorrow's meeting. It is scheduled in Room 459 at 10:00 a.m. Would like to have you relatively early on the agenda, but would, of course, rearrange to suit your schedule. You are tentatively set for about 10:25 or 10:30.

*XX  
National Commission Codes,  
Zoning, Taxation &  
Development Standards*

fixed  
22.1.1968

NATIONAL COMMISSION  
ON  
CODES, ZONING, TAXATION AND DEVELOPMENT STANDARDS

Temporary Address:  
1800 K St., N.W. Rm. 605

February 7, 1967

Mr. Joseph Califano  
Special Assistant to the President  
The White House  
Washington, D. C.

Dear Joe,

I am enclosing four documents with reference to our first meeting on Thursday.

First, there are "proposed remarks" for you.

Second, there is an "outline" of the same proposed remarks.

Third, there are excerpts from the crucial documents with respect to the Commission, i.e., the President's 1965 Message on the Cities, Section 301 of the Housing Act of 1965, and the January 12, 1967 release.

Fourth, another copy of the agenda for the meeting.

The meeting is at 10:00 a.m. in Room 459 of the Executive Office Building. As you are bringing greetings from the President we have scheduled you to speak early. We can adjust that if necessary, but that would be most desirable.

I am at Code 128-21264.

With best wishes,

Sincerely,

  
Howard E. Shuman

HES:st

RECEIVED  
JOE CALIFANO, JR.

1967 FEB 8 PM 2 21

Proposed Remarks for Initial Meeting of National  
Commission on Urban Problems--Codes, Zoning, Taxation, and Development Standards

I. Introduction

A. Greetings from the President.

B. Broadly based Commission.

1. People

This Commission is composed of a distinguished group of knowledgeable citizens. In appointing its members, the President has avoided merely selecting those from specific trade associations or from narrow interest groups--what is known as the Noah's Ark method of selection.

Instead he has appointed a broadly based knowledgeable group of distinguished citizens who are as free from narrow views and narrow interests as it is possible for informed and experienced people in one field to be.

You therefore begin with a mandate to study problems, and to reach conclusions and recommendations for action, as free from narrow restraints as it is possible to be.

2. Broadly Based in Structure

Not only is the Commission broadly based in its members but it is broadly based in its structure as well.

The President in his 1965 Message on the Cities, in his Syracuse speech, and in his recommendations to Congress, urged that such a Commission as this be established.

Congress responded by passing Section 301 of the Housing Act of 1965 and by appropriating \$1.5 million in September of 1966.

The President has now acted by appointing a National Commission, not only to carry out Section 301 of the 1965 Act, but also to carry out the broader mandate which he stated on January 12th 1967 when this Commission was established.

## II. The MANDATE

### A. General.

In the 1920's a landmark study on Zoning was carried out by the Department of Commerce under Herbert Hoover. As you know, for several decades that study was the authoritative one on the subject.

The specific subjects you have to examine have been among the most difficult bottlenecks in our search for solutions to the major problems of the Cities. What we seek from this Commission is that at the conclusion of your studies and recommendations, informed opinion will look to your results as the authoritative ones on these subjects. We want the public to look not only at the detailed information on the specific subjects before you, but also for the Commission's recommendations on how to solve many of the crucial problems of urban life in America.

Thus, this Commission not only has to examine one problem, but it has to examine many.

It not only has to look at the narrow technical problems of codes, and low cost housing, and zoning and taxation, but the examination of these can only lead to the broadest questions about which we are so deeply concerned--the problems of welfare and poverty and equality and of human dignity itself.

One cannot examine the specific subjects before you without inevitably confronting a whole range of questions concerning the quality of urban life.

B. Specific

<sup>put</sup>  
^ First of all, ~~therefore~~, you will be looking at specific problems.

1. Building Codes

On the question of building codes you will be asking such questions as how restrictive and overlapping are building codes? Do they raise the cost of housing? To what degree do they hinder the introduction of new products and the economies of mass production?

In short, what solution is there which will bring down costs and shorten periods for adoption of new products, and at the same time preserve health, safety and quality standards and have any chance of widespread adoption?

2. ZONING and DEVELOPMENT STANDARDS.

You will be asking what alternatives are there to zoning systems which have produced urban sprawl; which are characterized by variances and spot zoning, and by leap frog and ribbon and other forms of development abuses; and which have figuratively placed "keep out" signs for the poor and deprived and unfortunate around many of the suburbs in our metropolitan areas?

How can zoning become a positive and effective instrument to help achieve the highest quality of urban land use rather than, as it often is, a negative instrument which even when it preserves the desirable interests of some, does so at the expense of others?

How do we prevent the sins and omissions of the past from overwhelming the neighborhood developments of the future?

3. Housing Codes and Low Cost Housing.

You will be asking how we can upgrade existing neighborhoods and communities, create a supply of low-cost decent housing, and marshal our resources--public and private--to get that job done?

III. CONCLUSION.

Therefore, this Commission not only has to look at one problem but it must examine many.

It not only has to look at the technical provisions of codes and zoning, but the study of these must lead to the examination of larger social issues, about which we are concerned.

This Commission has a charge and a mandate which is both a specific and narrow one, on the one hand, and a broad and comprehensive one, on the other.

As the President said when he established the Commission on January 12:

"No~~f~~ greater challenge faces America than the future of its cities.

The problems are deeply rooted. They are as old as the cities from which they grow.

We have learned that difficulties borne from generations of decay and neglect do not yield to quick or easy solutions.

That is why men of vision and good will have committed themselves to find the right answers. We know those answers can be found.

Today we renew and continue that search."

## Outline

### Proposed Remarks for Initial Meeting of the National Commission on Urban Problems--Codes, Zoning, Taxation, and Development Standards

#### I. Introduction

A. Greetings from the President.

B. Broadly Based Commission Established.

1. Members have Wide Backgrounds.

- a) Distinguished Chairman and members--former Senator, former Governor, a Mayor, a County Official, professors, architects, an editor, a union President, and builders, among others.
- b) Broadly based--not narrow interest groups.
- c) Avoided Noah's Ark method of selection ( a cement man, a steel man, a plastics man, etc.)
- d) You begin with an informed, experienced group free from narrow restraints.

2. Also broadly based in structure.

a) History.

- i) President's 1965 Message on Cities and Syracuse Speech (see attached)
- ii) Section 301 of the Housing Act of 1965 (see attached)
- iii) But the President established a National Commission, not only to carry out the detailed studies of Section 301 of the Housing Act of 1965, but to carry out the broader mandate and charge which he stated on January 12th, 1967 when the Commission was established.

#### II. The Mandate

A. General

1. Example from the Past.

1920 Study of Zoning by Department of Commerce and Herbert Hoover became the landmark study in the field.

What we seek from this Commission are landmark studies in its areas. When men look back a decade or two from now they will say that the authoritative work on these subjects was done by this Commission.

2. <sup>the</sup> Specific subjects <sup>before you</sup> have been among the chief bottlenecks in the search for solutions to the major problems of the cities.
3. Thus, in examining the specific questions before you, you will inevitably confront a whole range of questions concerning the quality of urban life -- welfare, poverty, equality and human dignity itself.

#### B. Specific

But first of all, you will be looking at specific problems.

##### 1. Building Codes.

Questions: Are they restrictive and overlapping?

Do they raise costs and by how much?

Do they hinder new product introduction and economies of mass production?

How can the problems be met and yet a) preserve quality standards and b) have any chance for widespread adoption?

##### 2. Zoning and Development Standards?

Questions: What alternatives are there to zoning systems which have produced urban sprawl; are characterized by variances and spot zoning, and by leapfrog and ribbon development; and which keep the poor

and the unfortunate cooped up in the central city ghettos?

Can zoning become a positive instrument for urban and metropolitan planning?

How do we prevent the sins and practices of the past from overwhelming the developments of the future?

3. Housing Codes and Low Cost Housing.

Questions: How do we upgrade existing neighborhoods through housing code enforcement and rehabilitation, create a supply of low-cost, decent housing, and marshal our resources--public and private--to get the job done?

4. Taxes

Central Issue: At the time when the demands on the central cities and urban areas have increased geometrically (for transportation, schools, slum clearance, welfare, pollution control, etc.), the tax base of the cities has been eroded by the exodus of millions to the suburbs and competition for the tax dollar from other jurisdictions.

III. Conclusion

Commission must look:

- Not only at one problem, but at many.
- Not only at narrow technical questions, but to larger social issues.

The Commission has a charge and a mandate which is:

--specific and narrow, on the one hand.

--broad and comprehensive, on the other.

As the President said when he established the Commission on  
January 12:

"No greater challenge faces America than the future of its cities.

The problems are deeply rooted. They are as old as the cities  
from which they grow.

We have learned that difficulties borne from generations of decay  
and neglect do not yield to quick or easy solutions.

That is why men of vision and good will have committed themselves  
to find the right answers. We know those answers can be found.

Today we renew and continue that search."

Quote from President's

Message on the Cities

March 12, 1965

"Good planning for our metropolitan areas will take not only determination, the spirit of cooperation and added resources. It will also take knowledge, more knowledge than we have now. We need to study the structure of building codes across the country: their impact on housing costs, how building codes can be simplified and made more uniform, and how housing codes might be more effectively enforced to help eliminate slums.

"Zoning regulations also affect both the cost and pattern of development. We must better learn how zoning can be made consistent with sound urban development.

"Few factors have greater impact on cost, on land speculation and on the ability of private enterprise to respond to the public interest, than local and federal tax policies. These too must be examined to determine how they can best serve the public interest.

"Finally, we must begin to develop better and more realistic standards for suburban development. Even where local authorities wish to prevent sprawl and blight, to preserve natural beauty and ensure decent, durable housing they find it difficult to know what standards should be expected of private builders. We must examine what kind of standards are both economically feasible and will provide liveable suburbs.

"To examine all these problems I recommend the establishment

of a Temporary National Commission on Codes, Zoning, Taxation and Development Standards. I predict that the body masked by such an unwieldy name may emerge with ideas and instruments for a revolutionary improvement in the quality of the American city."

MEETING OF THE NATIONAL COMMISSION  
ON  
CODES, ZONING, TAXATION AND DEVELOPMENT STANDARDS

Executive Office Building, Room 459  
Washington, D. C.  
February 9, 1967

T E N T A T I V E   A G E N D A

MORNING SESSION - GENERAL

10:00 - 12:00

Call of the Chair

Introduction of Guests

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

Hon. Robert C. Weaver, Secretary, Department of Housing and  
Urban Development

Presentation of Commission Members

General Discussion of Goals and Objectives of Commission

12:30 - 1:30     LUNCHEON (location will be announced)

AFTERNOON SESSION

2:00 - 5:00

Report of Activity to Date

Organization of Commission and Study

Panels - Working Committees  
Hearings  
Staffing  
Other

5:30 - 7:00     RECEPTION (location will be announced)

August 10, 1965

TITLE III--URBAN RENEWAL

Study of Housing and Building Codes, Zoning, Tax Policies, and  
Development Standards

Sec. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) State and local zoning and land use laws, codes, and regulations, to find ways by which States and localities may improve and utilize them in order to obtain further growth and development; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

(b) The Administrator shall submit a report based on such study to the President and to the Congress within 18 months after the date of the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later.

(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this section. Any funds so appropriated shall remain available until expended.

Quote from President's Speech,

Syracuse, New York

August 19, 1966

". . . I will appoint a commission of distinguished Americans to make the first comprehensive review of codes, zoning, taxation, and development standards in more than two generations. I proposed the establishment of such a commission in my 1965 message on the cities. Both Houses of Congress this week agreed in conference to fund this effort. The work of the commission will begin immediately upon the enactment of this legislation."

EXCUTIVE

FI 4

⑤+

PA3

FG 170/N\*

February 3, 1967

K  
Dear Paul:

I am always pleased when some initiative of this Administration gives you cause for encouragement.

Many of us are interested in the <sup>x</sup>Indiana Dunes National Lake Shore program. We want you to succeed with it and will assist you as we can.

You will always have my personal encouragement and good wishes.

Sincerely,

*LBJ*

Honorable Paul H. <sup>x</sup>Douglas  
Room 508

\*National Commission on Codes, Zoning,  
Taxation and Development Standards  
1800 K Street, NW.  
Washington, D.C.

LBJ:CM:aw  
2

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WRIGHT PATMAN, TEX. CHAIRMAN  
RICHARD BOLLING, MD.  
HALE BOGGS, LA.  
HENRY S. REUSS, WIS.  
MARTHA W. GRIFFITHS, MICH.  
THOMAS B. CURTIS, MO.  
WILLIAM B. WIDNALL, N.J.  
ROBERT F. ELLSWORTH, KANS.  
JAMES W. KNOWLES,  
EXECUTIVE DIRECTOR

180/2156

# Congress of the United States

JOINT ECONOMIC COMMITTEE  
(CREATED PURSUANT TO SEC. 1(a) OF PUBLIC LAW 94, 79TH CONGRESS)

November 28, 1966

PAUL H. DOUGLAS, ILL., VICE CHAIRMAN  
JOHN SPARKMAN, ALA.  
J. W. FULBRIGHT, ARK.  
WILLIAM PROXMIRE, WIS.  
HERMAN E. TALMADGE, GA.  
JACOB K. JAVITS, N.Y.  
JACK MILLER, IOWA  
LEN B. JORDAN, IDAHO

EXECUTIVE

FG 170/N\*

PERSONAL AND CONFIDENTIAL

Mr. Joseph A. Califano, Jr.  
Special Assistant to the President  
The White House  
Washington, D. C.

Determined to be an  
administrative marking

By CA On 1/25/2005

My dear Mr. Califano:

I have been thinking over the most flattering suggestion of the President that I serve as the part-time chairman of a citizens committee which would report to the President by June of 1968, or before. This committee would report on a series of problems dealing, in particular, with housing, neighborhood and community life, zoning, expenditure needs and sources of revenue. My chief reservation springs from my desire not to take a government position, but to revert to being a private citizen. Nevertheless, after mature consideration I am happy to accept, subject to three basic conditions:

1) That I may take with me my personal secretary, Mrs. Jane Carey Enger, at her present salary of \$13,500. Mrs. Enger is capable of being the secretary and personnel officer of the committee, but I think it would be better if she started out as my secretary and then we could see whether a formal secretary of the committee would be needed also. In any event, I would like to ask that, in addition to her official duties, Mrs. Enger be permitted to work on my personal affairs for one or two hours a day. I would also like to have her given civil service status so that she may be protected in the future and be able to count her service for the committee as an additional credit for future retirement. Furthermore, if she finds that household cares and duties are too time-consuming, I would like it understood that she would be permitted to work part-time at a correspondingly reduced salary, e.g., if half-time, at \$6,750.

2) I would like to have the authority to select the chief of staff or director of studies subject to White House veto. My present intention,

xx

National Commission on Codes, Zoning  
Taxation & Development Standards

Paul H. Douglas

if 1600 Pennsylvania agrees, would be to try to get my Administrative Assistant, Howard Shuman, to accept such a post at his present salary of \$24,460. I do not know whether Mr. Shuman would consider this, since he might well prefer to make some more permanent connections, but I would favor having him because of his exceptional brilliance, tremendous capacity for hard and effective work, high sense of honor and his ability to work closely with me and to know my mind and purposes without the necessity for any elaborate instructions.

3) In addition I would like to have the timing of the announcement be such as to fit into two sets of requirements which, I recognize, are somewhat conflicting:

a) I would like to get underway with the committee before the holidays so that I may then take a vacation after a crowded and tumultuous year. In view of the time limit of eighteen months, I want to get work started before Christmas.

b) And yet I want to have the public announcement come after and not before an announcement is made about designating me as chairman. I am very sensitive about this, since I do not want to be regarded by the public as a political lame duck being pensioned off with a meal ticket. I want to be established as a citizen with a non-political job before I take on this added job as the duty of a citizen and not as a politico who is out of work.

This means on the one hand that I must hurry up by making some fairly immediate decisions as to my future plans. To do this I am trying to hurry along some tentative offers.

But can you speed up the necessary moves on your side? Could I start work without pay as soon as possible and could the announcement then follow later?

In addition, I would like to suggest the following points on which, if we can reach agreement, we can start to carry out:

1) That adequate space be provided for the work including a personal office and a smaller secretarial office.

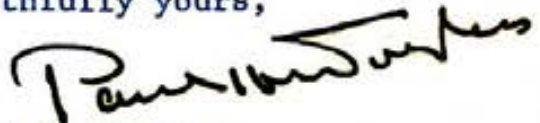
2) That we borrow from appropriate government departments, such as the Census Bureau of the Treasury, certain experts in specific fields such as (a) zoning, (b) housing, (c) municipal and state finance. If the salaries of these men could be borne by the Departments to which they are presently attached, it would reduce the strain upon the committee's funds.

3) We should prepare a budget, a table of organization for the staff, and other necessary guidelines.

I will be here during most of December, up to Christmas, and I will attend the hearings before the Ribicoff committee without letting anyone know why I am doing so. But time is of the essence.

With best wishes,

Faithfully yours,

A handwritten signature in dark ink, appearing to read "Paul H. Douglas", written in a cursive style.

Paul H. Douglas

PHD/jce

EXECUTIVE

FG1701N\*

LAW OFFICES

EVOY AND FEINBERG

622 COOPER STREET

CAMDEN, N. J. 08102

WARREN G. EVOY  
ALEXANDER FEINBERG  
MALCOLM L. BLOCK  
ROBERT C. BECK  
WILLIAM I. EVOY

March 11th, 1967

President of the United States  
Washington, D. C. 20510

\*  
*National Commission  
on Urban Affairs*

Dear Mr. President:

May I express to you my sincere thanks and appreciation  
for the great honor that you have bestowed upon me in appointing  
me to your Commission on Zoning Codes, Taxation and Urban Affairs.

I shall do my utmost to justify your confidence.

Respectfully yours,

*Alexander Feinberg*  
Alexander Feinberg

AF:des

RECEIVED  
MAR 15 1967  
CENTRAL FILES

## THE UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT

## TRANSMITTAL SLIP

ROUTE TO:	NAME	ROOM	BUILDING
1.	<i>Mr. Levinson - White House</i>		
2.			
3.			
4.			
5.			
6.			

- ☐ Action      ☐ As requested      ☐ Surname  
☐ Approval      ☐ Signature      ☐ Your information  
☐ Prepare reply for Under Secretary's Signature

## REMARKS:

*Assume the transmittal  
we really have to have  
a serious discussion on  
this one soon.*

*\* National Commission  
on Urban Affairs*

*10/24/66*

FROM

*Robert Wood*

DATE

*10-24*

EXECUTIVE

FG 170/N \*

FG 170/B \*

FG 170

Robert C. Weaver

✓ Robert C. Wood

John B. Clinton

Additional Candidates for the <sup>X \*</sup> Building Codes Study Commission

I understand that you are to meet with John Macy and Joe Califano on October 20, 1966, to discuss additional candidates for the Building Codes Study Commission.

I have spoken to Larry Levinson and John Macy and conclude from their remarks that the President is looking for a few "less conventional" representatives on the Building Codes Commission. Both Levinson and Macy stressed the President's desire for relative youth and fresh faces, people with new ideas. The following list is, I think, more in keeping with this image:

1. Howard Nemerovski - (35 yrs.) Lawyer with Howard, Prim, Smith, Rice and Downs; California. Former White House Fellow. Held in high regard by John Gardner and, it is believed, the President. Furthermore, would be interested in participating in this Commission.
2. Fred Balderston - (44 yrs.) Vice President, Business and Finance; University of California, Berkeley. Balderston is the son of Canby Balderston, former member of the Federal Reserve Board of Governors and he is an expert in real estate economics. He served Governor Brown for 2 years as his Commissioner of Savings and Loan Institutions.
3. Richard Ravitch - (33 yrs.) Vice President and Treasurer, HRH Construction Company. Ravitch was on the original list that went to the President but he may not have been able to focus on him closely. Ravitch is a lawyer turned builder and is considered to be one of the most thoughtful and socially conscious builders in the industry. He is favorably known to Joe Califano and Ralph Taylor.

filed  
Oct, 1966

4. Ezra Ehrenkrantz - (34 yrs.) President, Building Systems Development, Inc.; San Francisco, California. Ehrenkrantz is an imaginative and technologically creative architect who has worked on a Ford Foundation project for the construction of school buildings for the California public school system utilizing new techniques. He was an outstanding member of the Woods Hole Conference on Urban Technology.
5. Victor Palmieri - (38 yrs.) President, Janss Corporation; Los Angeles, California. Palmieri is an outstanding California lawyer-builder who is favorably known to the White House. His firm has a reputation for good design and social concern.
6. Edward Logue - (46 yrs.) Director, Boston Redevelopment Authority. Though outspoken, Logue is one of the country's recognized leaders in the urban planning, redevelopment and rehabilitation fields.
7. John Robson - (36 yrs.) Lawyer, Private Practice; Partner in law firm of Liebman, Williams, Bennett, Baird, and Minow; Chicago, Illinois. Newt Minow described Robson as one of the brightest young lawyers he has ever met. Robson is known favorably to Joe Califano.
8. John Rubel - (47 yrs.) Vice President and Director of Technical Planning, Litton Industries; Los Angeles, California. Rubel, a former Assistant Secretary of Defense, Research and Engineering, is also a former consultant to the President's Scientific and Advisory Committee. Rubel is recognized as one of the country's foremost advocates of the application of systems analysis and technology of urban problems.
9. Anthony Downs - (36 yrs.) Senior Vice President and Treasurer, Real Estate Research Corporation; Chicago, Illinois. Downs is a Phi Beta Kappa with a PhD in Economics from Stamford and he has been a consultant to the Rand Corporation and HUD. He is one of the brightest young experts on urban land economics.

10. Paul Ylvisaker - (45 yrs.) Ford Foundation; New York. Director, Public Affairs. Through Ford's public affairs program, Ylvisaker, on behalf of the Foundation, has founded imaginative and socially important urban development projects throughout the country.
11. Fred W. Hall-(58 yrs.) Justice, New Jersey State Supreme Court. Though older than the others listed above, Hall is included because he is one of the most knowledgeable members of the state judiciary in the country in the field of land use and urban zoning. He is recommended by Assistant Attorney General Ernest Frisen and Assistant Secretary Charles Haar.

Special Assistant

January 6, 1969

Honorable Robert C. Wood  
Under Secretary  
Department of Housing and  
Urban Development  
451 7th Street, S. W.  
Washington, D. C.

Dear Bob:

The President has asked me to thank you for transmitting to him the report of the National Commission on Urban Problems dealing with codes, zoning, taxation, and development standards.

Solving the housing problems of the Nation will require a massive effort in the coming years. Your department has set in motion a major program to build homes and to restore our cities. As you note, the work of the Commission will aid in helping private industry, local government, and the Federal Government meet the housing goals set by the President. The President is grateful to them, and to you, for this important work.

Sincerely,

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

MN/djb

RECEIVED  
JAN 8 1969  
CENTRAL FILES



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

DEC 31 1968

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

I am pleased to transmit, as required by section 301(b) of the Housing and Urban Development Act of 1965, those portions of the report of the National Commission on Urban Problems that deal with codes, zoning, taxation and development standards.

When you appointed the Commission on January 12, 1967, you called on it to conduct a penetrating review of these subjects in the light of overall housing and urban development goals and problems. This the Commission has done through its hearings, research studies and consultations with representatives of Government and private industry and with interested citizens.

I have examined the Commission's report, particularly the portions specifically addressed to the section 301 subjects. While I do not agree with all of the report's recommendations, I believe that they deserve careful study and consideration. The Commission has broken new ground in some very difficult and important areas. We are all indebted to it for its vigorous and conscientious efforts.

Respectfully yours,

A handwritten signature in blue ink, which appears to read "R. C. Wood", is written over the typed name.

Robert C. Wood  
Acting Secretary

EF  
OK

★

EXECUTIVE  
FG 170/N\*

①

# NATIONAL COMMISSION ON URBAN PROBLEMS

ROOM 640, 806 15TH ST. N. W., WASHINGTON, D. C. 20005  
PHONE: 382-8226

December 20, 1968

(F)

Dear Mr. President,

I know that Mr. Douglas will deeply appreciate your kind and generous letter of December 17th thanking him and the Members of the Commission for their conscientious work in preparing the final Report of the Commission.

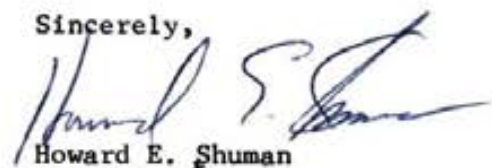
It was a great source of satisfaction to him that the Report was adopted unanimously and enthusiastically by the Members of the Commission. Mr. Douglas spent a minimum of three to four days a week over two years in directing the study and in detailed research into the numerous subjects before us. No man ever worked harder or gave of himself more unstintingly. I fear that he may have exhausted himself in the effort.

I will make it my personal task to see to it that he has your letter the moment he is able to receive it.

We all wish you a speedy recovery.

With very best wishes,

Sincerely,



Howard E. Shuman  
Executive Director

U.S. GOVERNMENT

PRINTING OFFICE

RECEIVED  
DEC 21 1968  
CENTRAL FILES

December 17, 1968

Dear Senator Douglas:

I have received a copy of the Report of your Commission on Urban Problems, and wish to thank you for this major effort to study and answer the many questions our citizens are asking about life in our cities.

The wealth of material contained in your report and in the studies sponsored by the Commission will be an important source of ideas and information for years to come. It recognizes many of the needs that must be met, and moves us further along the road we have begun to travel in the past few years.

You have pursued this task with the determination, intelligence and integrity that made you a great American legislator and statesman.

On behalf of the citizens of the Nation, who owe you so much already, I thank you and the other outstanding members of the Commission for this great service to our Nation.

Sincerely,

LYNDON B. JOHNSON

*I'm in Bethesda with the flu - hope  
you don't get it*

Honorable Paul H. Douglas  
Chairman

★ National Commission on Urban Problems  
Room 640, 806 15th Street, NW.  
Washington, D. C. 20005

THE WHITE HOUSE

WASHINGTON

December 17, 1968

Dear Senator Douglas:

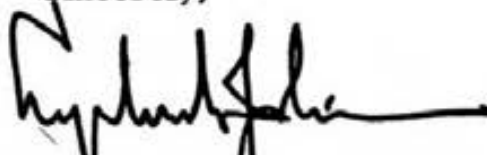
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You have pursued this task with the determination, intelligence and integrity that made you a great American legislator and statesman.

On behalf of the citizens of the Nation, who owe you so much already, I thank you and the other outstanding members of the Commission for this great service to our Nation.

Sincerely,



*In Bethesda with the file. I hope you don't get it.*

Honorable Paul H. Douglas  
Chairman  
National Commission on Urban Problems  
Room 640, 806 15th Street, NW.  
Washington, D. C. 20005

*12/21/68: Received in Board office*

*12/20/68: Hand delivered.*

*(Appel. 5.70p)*



*7/16/68*

**RECEIVED**  
**DEC 24 1968**  
**CENTRAL FILES**

MEMORANDUM

10 AM  
12/18/68

THE WHITE HOUSE  
WASHINGTON

December 17, 1968  
7:30 p.m., Tuesday

FOR THE PRESIDENT

FROM Joe Califano



Attached is a letter to Paul Douglas thanking him for his  
Commission Report.

Attachment

**RECEIVED**  
**DEC 24 1968**  
**CENTRAL FILES**

December 17, 1968  
Tuesday - 11:30 a.m.

TO               JOE CALIFANO  
FROM           James R. Jones *q*

MEMORANDUM

② B

THE WHITE HOUSE

WASHINGTON

December 16, 1968

Monday, 4:20 p.m.

DRAFT Nice  
Letter - Tell him  
I HAD WANTED TO  
see him before report  
released to discuss - BUT  
now released - JUST  
THANK  
FOR THE PRESIDENT

FROM Joe Califano <sup>ZEL</sup>

Attached is Paul Douglas' transmittal letter, sending the report of the National Commission on Urban Problems to you.

In response to our memorandum of December 11 you indicated that you might want to have Senator Douglas in to see you briefly this week, as well as send him a letter acknowledging receipt of his report.

Do you want to;

See Douglas

Merely send him a letter

✓

Attachment

# NATIONAL COMMISSION ON URBAN PROBLEMS

ROOM 640, 806 15TH ST. N. W., WASHINGTON, D. C. 20005  
PHONE: 382-8226

December 12, 1968

The Honorable Lyndon B. Johnson  
President of the United States  
The White House  
Washington, D. C.

Dear Mr. President:

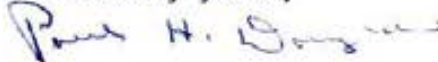
I have the honor to transmit to you the Report of the National Commission on Urban Problems, established by your directive of January 12, 1967, to carry out the purposes defined by you and further elaborated in Section 301 of the Housing and Urban Development Act of 1965.

The Commission has explored the subjects assigned to it with great care, has conducted hearings in locations throughout the country, has received testimony from almost 350 witnesses, and has undertaken extensive research on some 40 specific subjects.

It is the earnest hope of the members of the Commission that this Report will prove helpful to you and to future administrations, to Congress, to state and local governments, and to the American people in coping with a great domestic challenge.

Respectfully submitted on behalf of the Commission.

Faithfully yours,



Paul H. Douglas

CA/

THE WHITE HOUSE  
WASHINGTON

December 13, 1968

FOR DON LEGATES

FROM Larry Levinson

Put this in our Task Force file on  
the Douglas Commission -- 1968.

EXECUTIVE ★

FG 170/N

Douglas, Paul

(3)

★  
National Commission on  
Urban Problems

Parts I through VI of Report filed <sup>★</sup> Oversized attachment

2594

R E P O R T

THE NATIONAL COMMISSION ON URBAN PROBLEMS

## INTRODUCTION

### Preliminaries:

- Letter of Transmittal
- Members of the Commission
- Supplementary View
- Commission Staff Members
- Preface
- Acknowledgments
- Table of Contents
- List of Recommendations
- Glossary of Important Terms

## Introduction and Summary

NOTE: This is the Introduction and Summary of the Commission's Final Report consisting of Introduction and Summary and Parts I through IV.

The text is subject to correction and revision in the official edition to be printed by the Government Printing Office.

The Report will be issued in installments, and each Part is embargoed until released by the Commission.

# NATIONAL COMMISSION ON URBAN PROBLEMS

ROOM 640, 806 15TH ST. N. W., WASHINGTON, D. C. 20005  
PHONE: 382-8226

December, 1968

The Honorable Lyndon B. Johnson  
President of the United States  
The White House  
Washington, D.C.

Dear Mr. President:

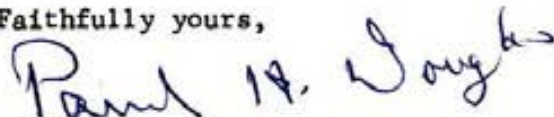
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Respectfully submitted on behalf of the Commission.

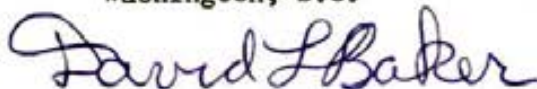
Faithfully yours,

A handwritten signature in dark ink, reading "Paul H. Douglas". The signature is written in a cursive, flowing style.

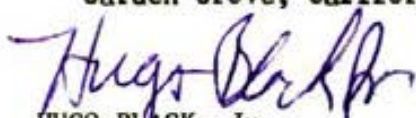
Paul H. Douglas, Chairman

COMMISSION MEMBERS

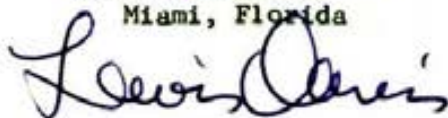

PAUL H. DOUGLAS, Chairman  
Washington, D.C.



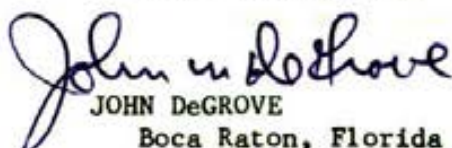
DAVID L. BAKER  
Garden Grove, California



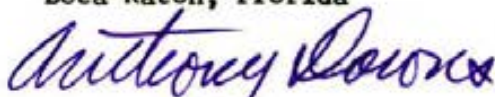
HUGO BLACK, Jr.  
Miami, Florida



LEWIS DAVIS  
New York, New York



JOHN DeGROVE  
Boca Raton, Florida



ANTHONY DOWNS  
Chicago, Illinois



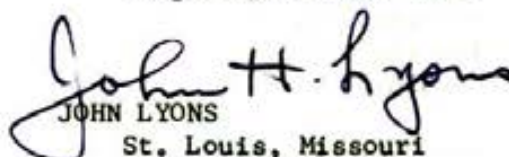
EZRA EHRENKRANTZ  
San Francisco, California



ALEX FEINBERG  
Camden, New Jersey



JEH V. JOHNSON  
Poughkeepsie, New York



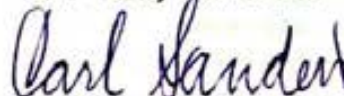
JOHN LYONS  
St. Louis, Missouri



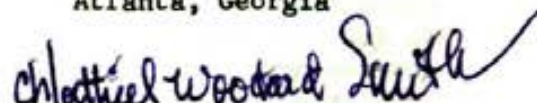
RICHARD W. O'NEILL  
New York, New York



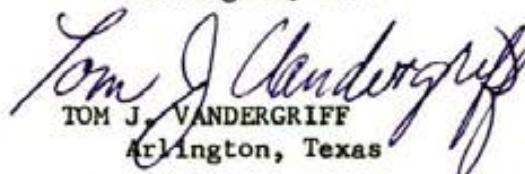
RICHARD RAVITCH  
New York, New York



CARL E. SANDERS  
Atlanta, Georgia



MRS. CHLOETHIEL WOODARD SMITH  
Washington, D.C.



TOM J. VANDERGRIFF  
Arlington, Texas



COLEMAN WOODBURY  
Madison, Wisconsin

SUPPLEMENTARY VIEW OF DAVID L. BAKER

While I generally support the findings and recommendations of the Commission, I must take exception to some of the assumptions on which the report is based.

Of serious concern to me is the assumption that local governments, i.e., cities and counties, have the fiscal ability to participate in well intended partnership programs established by the Federal Government which require a local financial contribution. Local government is presently in a financial crisis. It is confronted with greater demands for service and new programs mandated by Federal or State Governments which require local contribution. Local government is supported primarily by a property tax base which does not increase in proportion to new program costs. Were local government to take on these additional mandated cost sharing programs, the ownership of real property would rapidly become an unbearable burden. To impose additional responsibilities on local governments without first improving their fiscal integrity would be self-defeating.

The report suggests that local government has been irresponsible in not providing for low-cost housing. The fact of the matter is that local government has never had such a responsibility nor has it had the fiscal ability to assume such. There is no question that low-cost housing is absolutely essential and that it is an issue that requires a positive political commitment. The provision of public housing, in my mind, is a function that can best be performed by local government. However, it is imperative to recognize that the narrow property tax base cannot support

involvement in this arena.

I am also concerned that the report characterizes local government as using zoning as an instrument for effecting or maintaining segregation. No doubt there are exceptions; however, segregation is primarily a product of socio-economic conditions long rooted in the fabric of our society and it is unfair to suggest anything to the contrary.

In the area of specific recommendations, I have views which differ from those of the majority.

I do not believe that a useful purpose would be served by pursuing studies related to additional taxation of land values or land-value increments as recommended in Part V, Chapter 6. It is recognized by the Commission that the property tax must be de-emphasized as the predominant revenue base for local government. The imposition of an additional tax on land would simply compound an already serious condition.

The Commission recommends in Part II, Chapter 1 that state housing agencies with the coercive power of eminent domain be created in order to insure compliance with grant programs designed to provide low-cost housing. I do not believe that such action is necessary, nor in the interest of local government. Other remedies are available to insure compliance and such action would only serve to undermine Federal, State and Local Government relations.

I likewise cannot support the Commission's recommendation that local government approval be eliminated as a condition precedent to implementing a rent supplement program. Decisions relating to local conditions, in my view,

can best be made by those at the scene. Only if there is evidence of concerted action by local entity to thwart the intent of the legislation should there be any requirement for a non-local determination. In general, I am concerned that local determination is continually being eroded. I strongly urge that actions which tend to reduce the viability of local government are not in the public interest.

Rather than seeking new revenue sources for local government, such as the federally collected regional income taxes recommended in the report, it would seem more appropriate to simply return part of the monies presently collected by the Federal Government to the point of origin.

Low income private housing deserves more attention. Perhaps the formation of a federally sponsored, low interest home loan bank would provide the stimulus necessary to involve the private sector and to encourage individual home ownership. Obviously, there is a huge market for low income housing but the market is composed of a group which cannot afford commercial loans.

There is a need to overhaul the ponderous structure of the federal housing programs which cause unnecessary delay and excessive costs, effectively repelling the private sector.

Greater emphasis should be given to the problem of inconsistent building code interpretation by the enforcing agencies which, together with featherbedding labor practices, materially contribute to the cost of construction.

## COMMISSION STAFF

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Stanley D. Heckman  
Walter L. Smart  
Oscar Sutermeister  
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Richard K. Guenther  
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Erwin Knoll

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Miss Ellen Zachariasen  
Miss Jane Zinsmeister

## PREFACE

President Lyndon B. Johnson in his message to Congress on March 2, 1965, called for the creation of a commission to study building codes, housing codes, zoning, local and federal tax policies and development standards. He said such a Commission could provide knowledge that would be useful in dealing with slums, urban growth, sprawl and blight and to insure decent and durable housing. Congress approved his request and appropriated the funds to carry it out.

On January 12, 1967, President Johnson named the Chairman and members of the Commission and charged it to carry out the studies he and the Congress had requested. The President said the Commission's charter was twofold:

First: to work with the Department of Housing and Urban Development and conduct a penetrating review of zoning, housing and building codes, taxation, and development standards. These processes have not kept pace with the times. Stunting growth and opportunity, they are the springboards from which many of the ills of urban life flow.

Second: to recommend the solutions, particularly those ways in which the efforts of the Federal Government, private industry, and local communities can be marshalled to increase the supply of low-cost decent housing.

The Congressional mandate was included as Section 301 of the Housing and Urban Development Act of 1965. It described the purposes and needs for the study as follows:

The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable

housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need.

Section 301 went on to direct a specific study of:

...the structure of (1) state and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) state and local zoning and land use laws, codes, and regulations, to find ways by which states and localities may improve and utilize them in order to obtain further growth and development; and (3) federal, state and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

The Commission was directed to report to the President, to Congress, and to the Secretary of Housing and Urban Development by December 31, 1968.

While the Congressional and Presidential charges gave the broadest scope to the Commission's assignment, the Commission itself imposed certain limitations on itself to make its task manageable and to be able to concentrate on topics that were mentioned specifically in the charge and which have tended to be most neglected by scholars and public officials alike. Each of these major subjects could merit a commission study in itself.

Generally excluded from the Report are matters which have had recent intensive treatment by others, such as the public welfare system, education, riots and civil disorders, law enforcement, and transportation. This does not reflect any downgrading of the importance of these or other matters not dealt with, or not treated in depth. All of these topics are vital. The Commission stressed that the city must be viewed in terms of the entire urban area, in terms of all of its functions, and in terms of all of its people.

The Commission pursued several avenues in preparation for its report:

Inspections. The Commission saw for itself the problems of the cities. The members visited the ghettos as well as the suburbs in 22 cities in every section of the country. It studied not only the critical areas, but also viewed the solutions that had been or were being applied.

Hearings. The Commission also set up public hearings in these cities listening to private citizens, professionals, and officials. People were asked to testify specifically on matters assigned to the Commission, but witnesses also were invited to give oral or written testimony on related matters which they considered urgent. The transcripts of the hearings have been published in five volumes.

Research. The Commission staff and competent outside consultants engaged in many detailed research projects and studies, numbering over 40 in all, to establish a sound factual basis for the Commission's work. Many of these studies, because of their high quality and their timeliness, lent themselves to separate publications.

Meetings. This was a working Commission. The members held meetings on more than 70 days to direct and review the research effort, and to frame recommendations for the specific problems that emerged.

The Recommendations in the Report all have majority approval of the Commission. Members frequently had differing viewpoints, but those who did not fully agree with the majority did not choose in most instances to register their differences in separate statements. The few such statements may be taken as a measure of the spirit in which the members worked. But the Recommendations do represent the considered judgment of the Commission.

Because of the many subjects treated in the Report, each Commission member obviously cannot be held personally responsible for every line or paragraph of the text. But the Report does have general approval of the members. Their personal role in helping to rework the Report through four major drafts indicates their involvement and also their dedication to the task.

ACKNOWLEDGEMENTS

Literally hundreds of individuals and organizations contributed to the Commission's Report. Since it is impossible to list them all, the Commission hopes that those who see evidence of their thoughts incorporated in these pages will take that as the greatest possible thanks for their efforts on behalf of a public cause. Constructive criticisms, proposals, letters, books, phone calls, meetings, and review groups punctuated the life of the Commission. Perhaps one of the more hopeful aspects of the current urban scene is the vast number of people who are working so hard to improve conditions and to find answers to the tough problems. The Commission's relations with these fine people were an inspiration that cannot be overstated.

The 347 witnesses at our public hearings are thanked by our recording of their remarks. Many others, behind the scenes, who helped make the physical arrangements for the hearings, and who provided such useful insights into the cities visited and into the problems discussed, must go nameless.

The Department of Housing and Urban Development provided housekeeping functions for the Commission during its temporary life. Special mention should go to Laurence D. Pearl, who acted as liaison between HUD and the Commission; to Assistant Secretary for Administration Dwight A. Ink; to Director Richard D. Althaus of the Office of General Services; to numerous others who helped with data vital to the Commission's work, including William B. Ross, Joseph Burstein, Henry B. Schechter, Louis S. Katz, and Herbert Shapiro; to ArDee Ames for anticipating some of the needs of the Commission before it was actually formed; and to Secretary Robert C. Weaver and Under Secretary Robert C. Wood for their assistance.

In the preparation of the final Report, numerous Commission members and the Chairman did major work in writing and editing. Virtually every member took part. Special thanks are due to the style committee. The architect Members deserve special credit for their draft of the design chapter.

Staff members who merit particular notice for their work in drafting major sections of the Report and/or seeing it through to completion are Messrs. Shuman, Manvel, Rybeck, Heckman, Colman, Sutermeister, Goldman, Knoll, and Miss Marindin and Miss Takahara. For their tireless efforts in the typing and proofreading of the Report, under the direction of Mrs. Enger, we wish to thank Mrs. Allen, Miss Hartigan, Mrs. Healy, Mr. Howell, Mrs. Kelly, Mrs. Pompeo, Miss Powers, Mrs. Ross, Miss Sinclair, Mrs. Stewart, Mrs. Williams, Miss Woods, and Miss Zinsmeister.

Among those we want to thank are Thomas Hollenbeck, Edward Aronov, William Dunn, Dale Whitcraft, Dr. Alan Bates, Robert M. Dillon, Richard Bender, Frederick and Marie Bentel, Morris Fleissig, E. Trammel, T. H. Carter, A. Dietz, John P. Eberhard, Carl Frey, Dr. William J. Harris, Jr., Elsie Eaves, Carl Feiss, John Fisher-Smith, Sigmund Gerber, Jerome Heckman, William L. Hooper, Reese Hammond, Ralph Iredale, Carl Koch, Roger Lewis, Charles S. Lecraw, Joseph Friedman, Robert B. Friedman, Charles Mahaffey, William McSorley, Walter McKendrick, G. R. Munger, Milton W. Smithman, Al Dimeo, Joseph H. Newman, L. Williams, Harry Ransom, Guy Rothenstein;

Thomas Rogers, James Simpson, Abner Silverman, Paul Weinstein, Aaron Sabghir, Richard Wasserman, Charles Biederman, I. Donald Weston, George Simonds, Bruno Leon, Henry Gally, Donald Buzzell, Joseph Christian, Hubert Carraway, Joseph Platzker, F. Crampton Frost, Joseph E. Bartell, Robert W. Spangler, Richard L. Sanderson, John Jablonsky, Dr. James R. Wright, Robert Katz, Nat Goldfinger, Nathaniel Keith, Richard Slitor, George Schermer, Frank Kristof, John Heiman, Robert Nathan;

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L. L. Ecker-Racz, Raymond W. Goldsmith, John Kendrick, Joseph Pechman, Robert F. Steadman, James Pickford, Albert Richter, and Edward Hollander.

Among the organizations we want to thank are American Society of Planning Officials, American Institute of Planners, Urban Land Institute, National Association of Home Builders, Regional Plan Association, Connecticut Development Commission, NAHRO, Producers' Council, Council of State Governments, National Association of Counties, National League of Cities, U. S. Conference of Mayors,

International City Managers Association, International Association of Assessing Officers, the Advisory Commission on Intergovernmental Relations, Bureau of the Census, Office of Economic Opportunity, Associated General Contractors, American Institute of Architects, National Bureau of Standards and the National Building Agency of the United Kingdom.

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REPORT OF THE NATIONAL COMMISSION ON URBAN PROBLEMS

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## GLOSSARY OF IMPORTANT TERMS

ACIR -- Advisory Commission on Intergovernmental Relations -- a permanent, bi-partisan body established by act of Congress in 1959. It is composed of 26 members, drawn from local and state governments, and from the Federal government, and is charged with giving continuing study to the problems of, and relationships among, the three levels of government.

APHA -- American Public Health Association -- Association whose Committee on Hygiene of Housing in 1952 prepared and published A Proposed Housing Ordinance, which contains most of the health standards used in housing codes, and which has been used as a model for numerous state and local housing codes.

assessment ratio -- for purposes of property taxation, the relationship between the assessed value of property and the same property's market value.

BMIR -- below market interest rate -- generally related to part of the 221(d)(3) program.

BOCA -- Building Officials Conference of America -- one of the four national codes groups which publish and maintain a variety of model building and housing codes.

central city -- a municipality of 50,000 or more at the center of a metropolis; a political jurisdiction, not to be confused with "downtown," "core," or "slum area."

code enforcement programs -- local housing code enforcement activities in areas small enough to be improved within three years. Federal assistance authorized in 1965 provides grants for from two-thirds to three-fourths of the cost of planning and carrying out housing code enforcement programs.

COG -- council of governments -- a voluntary association of local governments within a metropolitan area.

community renewal program -- a program for carrying out urban renewal and related activities throughout a city, prepared with the assistance of Federal grants authorized in 1959.

FHA -- Federal Housing Administration -- an agency in the Department of Housing and Urban Development that insures private loans for (1) financing of new and existing housing, , and (2) home repairs and improvements. It also administers rent supplements to low income families in private housing, and many recent programs for housing low- and moderate-income families.

FCH -- Foundation for Cooperative Housing -- one of the two major cooperative housing groups in the United States.

FNMA -- "Fannie Mae" -- Federal National Mortgage Association -- buys and sells FHA-insured and Veterans' Administration-guaranteed loans to improve distribution of home mortgage funds. Its special assistance purchases support FHA Section 220 and 221 programs that are designed to help urban renewal redevelopment, rehabilitation, and relocation activities. The Housing and Urban Development Act of 1968 divided FNMA into two separate corporations, one to manage the special assistance functions and the other to administer the secondary market operations. Until 1968, all of FNMA was part of the Department of Housing and Urban Development. The new FNMA is a "Government-sponsored private corporation."

#### FEDERAL HOUSING LEGISLATION: PROGRAMS

Title I -- (Housing Act of 1949) -- loans and grants for slum clearance and redevelopment. As amended in 1954 the requirement for a workable program was set out, assistance was added for rehabilitation and neighborhood conservation, and the name of the program was changed to "urban renewal" to indicate the broader scope of activities that were eligible for Federal assistance.

Title I -- (National Housing Act of 1934) -- FHA insurance of loans for property improvement.

#### Other Programs known by their Section numbers in the various Acts:

Section 101 -- provisions for rent supplements. Workable program or local approval required.

Section 115 -- grants for rehabilitation of owner-occupied homes in urban renewal and code enforcement areas.

Section 117 -- grants for code enforcement.

Section 202 -- direct loans for rental housing for elderly and handicapped.

Section 203(b) -- mortgage insurance for homes, regular program.

Section 207 -- mortgage insurance for rental housing, regular program.

Section 213 -- mortgage insurance for cooperative housing.

Section 220 -- mortgage insurance for new and rehabilitated homes and rental housing in urban renewal areas.

Section 220(h) -- insurance of loans for repair and rehabilitation of homes and multi-family housing in urban renewal and code enforcement areas.

Section 221 -- mortgage insurance for new or rehabilitated homes and rental housing for displaced families or low and moderate income families ( 40 year mortgages with no down payments at market interest rates).

Section 221(d)(3) -- mortgage insurance for new or rehabilitated rental housing for displaced or low and moderate income families with mortgages bearing below market interest rates and purchased by FNMA under its special assistance program.

Section 221(h) -- mortgage insurance for purchase and rehabilitation of housing for resale to low income families at below market interest rate financing.

Section 231 -- mortgage insurance for new and rehabilitated rental housing for the elderly and handicapped.

Section 312 -- rehabilitation loans for owners or tenants of homes or business property in urban renewal or code enforcement areas.

Section 701 -- grants to assist comprehensive urban planning and mass transportation planning

ghetto -- originally referred to that section of Rome where Jews were made to live. In medieval times they were legally forced to live there, and no other housing was available for them elsewhere in the city. The general lack of available housing elsewhere in urban areas describes our ghettos today. Although middle class Negroes and members of other minority groups can today exercise their option to live outside the ghetto, until fairly recently that option was rarely available. The fact that a majority of inner city Negro households are low income households means that most inner city ghettos are also slums.

GNMA -- "Ginnie Mae" -- Government National Mortgage Association -- established by the Housing and Urban Development Act of 1968 as a corporation remaining within the Department of Housing and Urban Development which would retain the special assistance, management and liquidating functions formerly performed by FNMA.

housing code -- a locally adopted ordinance, regulation, or code enforceable by police powers under the concept of health, safety and welfare, which specifies the minimum features which make dwellings or dwelling units fit for human habitation, or controls their use or occupancy.

ICBO -- International Conference of Building Officials -- one of the four national building code groups which publish and maintain a variety of model building and housing codes. The ICBO publishes the Uniform Building Code.

inner city -- an urban area which does not necessarily have political, geographic, racial or economic outlines or boundaries, but an area which, in general, was a popularly recognized part of a city prior to World War II.

land use -- a term referring to the use of a lot or parcel of property; for example, a lot occupied by a factory is an industrial land use. The general categories of land uses include: residential, industrial, commercial, public, semi-public, and institutional. Also used as "land use policy" to describe a spectrum of policies related to the assembly and use of land.

low income households -- include the categories of the "poor" and the "near poor" and would include families with annual incomes under \$4,500 (based on a four member household).

moderate income households -- those with incomes greater than low income households, up to an amount whereby 20 to 25 percent of income would buy or rent standard housing. In average cost areas the needed income, for a family of four, would range from \$5,000 to \$6,500 a year, but would vary according to the cost of living in various areas.

model cities -- refers to the Demonstration Cities and Metropolitan Development Act of 1965, now called model cities.

NAHB -- National Association of Home Builders

NAHRO -- National Association of Housing and Redevelopment Officials

"near poor" or "deprived" households -- those households with annual incomes between \$3,300 and approximately \$4,500 (based on a four member household).

neighborhood development program -- a new method of financing urban renewal activities authorized in 1968 to provide grant contracts to cover only one year's activities at a time.

poor households -- those with annual incomes less than \$3,300 (based on a four member household).

PHS -- U.S. Public Health Service

public housing -- the general term applied to housing for families and individuals of low income that has been financed, constructed and managed by a local public housing authority. Federal assistance for public housing first started in 1937. In 1949, Title III of the Housing Act provided (1) loans to help finance development and construction of housing units, and (2) annual contributions to hold rents at levels within the means of low income tenants. In addition, Federal assistance is available for purchase and rehabilitation, short term leasing, and contracts with private builders to purchase completed housing (known as "turnkey" public housing). These programs were administered by the Public Housing Administration, and are now under the Department of Housing and Urban Development, Housing Assistance Administration.

redevelopment -- the development or improvement of cleared or undeveloped land in an urban renewal area.

rehabilitation -- the restoration to good condition of deteriorated structures, neighborhoods, and public facilities, which may include repair, renovation, conversion, expansion, remodeling, or reconstruction.

relocation -- Title I of the Housing Act of 1949, amended numerous times, required the preparation of a feasible plan for relocation of families or individuals to decent, safe and sanitary dwellings.

SMSA -- standard metropolitan statistical area -- a county or group of contiguous counties (except in New England) which contains at least one central city of 50,000 inhabitants or more, or twin cities with a combined population of at least 50,000. In addition, other contiguous counties are included in an SMSA if, according to certain criteria, they are essentially metropolitan in character and are socially and economically integrated in the central city. In New England, towns and cities rather than counties are used in defining SMSA's.

special districts -- the myriad of school, water, highway, and sewer districts, and other units of government with power to tax and spend for particular purposes. Their boundaries are seldom identical with the political boundaries of cities, townships or counties, and their existence helps create chaotic local governmental conditions.

slum -- a primarily residential area in which run-down housing provides shelter for the poor and the deprived.

tax credit -- a credit against the actual taxes owed, as opposed to a deduction from taxable income before the taxes are calculated. It is generally viewed unfavorably by tax experts, both because of the loss of revenue and because of the imprecision with which it can be applied.

turnkey -- term applied to public housing provided by a housing authority's purchase of privately produced construction from the builder, who follows general requirements instead of minutely detailed Federal specifications. It is also used in the provision of rehabilitated private housing for public housing tenancy.

UHF -- United Housing Federation -- one of the two major cooperative housing groups in the country.

urban renewal -- the general term applied to public and private efforts to improve cities by sound planning, elimination of blight, restoration of basically sound neighborhoods, installation of adequate public facilities, such as schools and streets, improvement of public institutions, revitalization of central business districts, and provision of proper sites for industrial

plants within cities. Federal assistance for urban renewal has covered all these activities, but it has emphasized the elimination of slums.

VA -- Veterans' Administration

workable program -- a locality's statement of where it stands today and what it will strive to do to remove slums and blight, block their return, and achieve orderly community growth. The Housing Act of 1954 established the workable program as a prerequisite for Federal assistance for urban renewal. The Department of Housing and Urban Development must certify that the workable program meets its requirements with regard to codes and ordinances, a comprehensive general plan, neighborhood analysis, administrative organization, financing, and relocation of families displaced by government action, and for citizen participation.

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\* REPORT OF THE NATIONAL COMMISSION ON URBAN PROBLEMS \*  
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INTRODUCTION AND SUMMARY

## INTRODUCTION AND SUMMARY

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## INTRODUCTION

### HOW FAR HAVE WE COME AND WHAT DO WE FACE

#### THE ANGER OF THE SLUMS IS THAT OF PEOPLE DISINHERITED FROM OUR SOCIETY.

"You know what our slums look like! You know we need help there! We have rats, roaches, plaster falling from the walls, we have two-family flats rented out to four and five families with children, and sometimes no bathroom!" The young woman from the slums of East St. Louis was angry and accusing. There we were, she said, prying around looking at poor folks. She obviously felt that our interest was purely academic and clinical.

She couldn't have been more wrong. That afternoon of hearings in East St. Louis really hurt. And it was not the first time it hurt either. The National Commission on Urban Problems heard the same anger from hundreds of slum dwellers all over the country in 1967.

At the outset of its formation in January, 1967, the Commission, knew what slums were. Like others, most of the Commission members had seen them and had read about them, but from a distance. We traveled to the slum areas of two dozen cities across the United States and heard from citizens--and the experts--in all of them. We could have stayed in Washington and gathered statistics, but statistics do not tell enough about a slum.

One has to see and touch and smell a slum before one fully appreciates the real urgency of the problem.

We walked the streets and talked with residents of the most notorious ghettos of the country. Names that are now becoming familiar to all Americans--Harlem, Watts, Hough, South Central, the Hill in Pittsburgh, the Hill District in New Haven, the North Side of Philadelphia, the West Side of Chicago, the East Side of Cleveland, and East St. Louis. We talked with people of all walks of life and all shades of involvement with the problems. Black and white, rich and poor, the administrators, the activists, the militants, and the concerned citizens. The experience was vivid and moving.

We saw the face of the deteriorating central city and the awesome pattern of suburban sprawl in Southern California. We saw the face of redeveloping urban America--the Southwest of Washington, Lake Meadows, and Hyde Park in Chicago, Dixwell in New Haven, Society Hill in Philadelphia, Roxbury in Boston, downtown Baltimore, and the new face of urban Atlanta.

We saw rural renewal in Grand Prairie, Texas, and the private renewal of areas that are just in the earliest stages of graying in Arlington, Texas.

The civil disorders of the hot summer of 1967 followed us and preceded us. We saw the ugly, burned-out urban streets that were still smoldering in some places, and we sensed the tension and the anxiety in communities that would erupt not too long after our being there.

To say that the urban problem is essentially a problem of big city slums is not only simplistic, to a large degree it is erroneous. A slum is a geographic place with buildings and other facilities in varying stages of deterioration, but people as well as houses, stores, streets

and lots make slums. And what is happening in the slums and the rest of the central city cannot be separated from the kind and pace of growth in the suburbs.

The people in the slums are the symptoms of the urban problem not the cause. They are virtually imprisoned in slums by the white suburban noose around the inner city, a noose that says "Negroes and poor people not wanted." It says this in a variety of ways, including discriminatory subdivision regulations, discriminatory fiscal and planning practices. In simple terms, what many of these practices add up to is a refusal of many localities to accept their share of housing for poor people. But the problem is more than that.

The urban problem can be described as the big city slum, and as the white suburban noose, but also as all the problems of growth and population shifts and sprawl and public funds connected with them. A far bigger proportion of Negroes--and of American Indians, Puerto Ricans and Mexican-Americans--are subjected to poverty and to miserable housing than holds true for whites. But a far bigger number of whites are poor and in bad housing. Those who point to the proportions and say the urban problem is entirely a racial issue, and those who point to the numbers and say it has little to do with race, both miss important dimensions of what is happening. And what is happening threatens the future of our metropolitan areas.

Much of the problem has resulted from a lack of political commitment on the part of the larger society, to do anything really constructive for and about the disinherited, the aliens within our culture.

Many Americans find it curious that slums should be such a problem, or the symptom of our biggest domestic problem. Why now, they ask? Slums have been an historical fact in every major city. The forebears of almost all Americans who are now in the middle class came through one urban slum or another, before moving into the mainstream of the larger society.

The imagery of a "mainstream" is useful in understanding the present slum problem. Like the waters that feed a big river, the rural poor trickle in from the fields and the hills. Time was when they paused in slack water (the slums) before moving out into the mainstream. Today the poor are still pouring into the slack water, although at a slower rate, but now there's a dam at the other end, so great numbers appear fated to stay in the slums unless they get help.

That dam, holding back the slack water, is a complex mixture of many things. One major component of it seems to be the present middle-class culture which is alien and even hostile to today's rural poor. Those in this cultural mainstream speak a different language and have different values.

But it is more than cultural. As the Commission has investigated, housing and building codes, land-use policies, governmental arrangements,

federal housing programs, and local and federal taxes that affect city growth patterns, we have found a web of urban matters, often ignored and equally often misunderstood, which combine to deny decent housing, job opportunities, and minimum urban services to the poor.

A generation and more ago there were plenty of jobs that simply took brawn, jobs slum dwellers could easily do. However, you can't explain the current crisis by pointing out that most of those jobs are now done by machines. It's far more complex than that. Most of the new job openings our society creates are white collar jobs and highly skilled jobs, jobs that take at least a high school education.

Our society is designed to assure most of us available alternatives to where we live, how we live and what we do. Big city slum dwellers do not have this freedom of choice. They are denied a full range of opportunities in education, jobs, and housing. Mainstream Americans take those opportunities for granted and slum dwellers know this. They know how the more prosperous half live and their aspirations are for the same way of life. The fact that they cannot achieve this way of life is a source of much of their anger and bitterness.

We on the Commission are acutely aware, even more so than when we first met in January, 1967, that this report itself will not change a slum or build a single unit of adequate housing. But a report can move people and government to action, action specifically designed to change a slum.

FROM A COTTON FIELD IN THE SOUTH, BIG CITIES LOOK LIKE THE ONLY CHANCE LEFT TO THE RURAL POOR, BUT CITY SLUMS BECOME PRISONS FOR THE DISINHERITED WHEN THEY ARRIVE.

The tide of migration from the rural South into the big cities lies at the heart of many of our urban problems today. In the 1950's Arkansas, West Virginia, Mississippi, and South Carolina lost more than one-fourth of their non-white population, while millions of non-whites poured into our central cities.

Obviously, underlying the move of both whites and non-whites from the rural South was the mechanization of farming that has changed all agriculture in the last generation. The most popular speculation concerning the move frequently has been exaggerated: that big city welfare payments drew in the poor. New York State's welfare payment to a family of four is more than five times higher than Mississippi's payment. It is not enough in itself to support a family although it is far better than what is available in Mississippi. But most experts agree that the real reason behind the migration was just plain gumption. Families with gumption got up and got out of areas where there were no longer any jobs for them, or where share cropping and tenancy conditions made holding a job on a farm meaningless.

What attracted the migrants was the gleaming hope of a better life that our bustling industrial complexes have always held out to the poor and the down-trodden. So they poured into our big northern and western metropolitan areas. Many have indeed caught on in city life and we should not ignore that fact. In March, 1967, for example, the average Negro

family in the metropolitan areas had an annual income of \$5,300, as compared with an average of \$2,900 for those who remained behind in the nonmetropolitan areas.<sup>1</sup> But many did not get jobs and what happened to them was commonly tragic. The able-bodied men often could not find jobs in the alien culture. To qualify for welfare it was necessary in many cities for the family to break up. Many welfare practices sapped the slum dweller's incentive to find a job and hold his family together. If the father of a family on welfare got a job, most of what he earned was deducted from his family's welfare payments. In effect, he may have been taxed up to 100 percent on his earnings. So he faced a hard choice: Quit the job or abandon his family? Finally, important reforms now are being made in such upside down welfare rules.<sup>2</sup>

Starting with slavery, the Negroes' treatment and place in society have had the effect of weakening the status of the Negro male and, therefore, the family life of Negro citizens. And any number of studies have shown that, without the man, the family tends to fall apart.

Of about 8.4 million people now on welfare in the U.S. less than 80,000 are employable adult men. There are, however, a great many employable adults among the 1,278,000 mothers on welfare, but adequate day-care centers for their children are almost non-existent.<sup>3</sup> No welfare program in the country has the budget for enough day-care centers to permit all the able-bodied mothers on welfare to earn by working outside the family.

Then, too, if any of those now on welfare are to enter the mainstream, they must be assisted by programs which permit them to learn basic skills and the rudiments of reading, writing and arithmetic. Our failure to assimilate the non-white slum dweller into the larger society is particularly

shocking in light of the fact that we recognize the problems of assimilation for another group of people: Cubans entering the U.S. are provided--by the Department of Health, Education and Welfare--medical and psychiatric services, family counseling services, employment counseling services, plus financial assistance. For them, welfare is a national program. For poor American citizens, it is still a state by state or local matter. Before the refugee family moves North, East, or West, efforts to locate jobs, housing and neighborhood contacts are worked out by the staff of HEW's Cuban Refugee Program.<sup>4</sup> For the poor American family, few such services are provided.

The accomplishments of this program for Cubans are outstanding and indicate what can be done once the nation commits itself to solving a specific problem.

The rural uneducated and unskilled American migrant family needs even greater help than the typical Cuban refugee who arrived here with a good education and with job skills. Yet no institution responds to the massive migration of native rural families moving North, East, and West from the South. It is more difficult to locate and hence to deal with these migrants since they come from thousands of separate sources and go to a myriad of places instead of, like the Cubans, funneling through a few distributing points such as Miami. But more should and could be done to locate, train and assimilate them.

The economic picture for the migrant is often a grim one. Non-white slum dwellers live with an unemployment rate that is at least twice as high as for whites. For some groups such as teenagers it amounts to 25

percent or more. Female heads of poor families experience a rate as high as 50 percent. In 1968, the unemployed generally, and especially the jobless Negroes, were concentrated in the nation's largest metropolitan areas. In some big city slums only half of the adult men have full-time jobs and about one-fifth of those with full-time jobs earn less than \$60 per week.

It is true that real incomes per household in most central cities are steadily increasing, but this is not true in some of the worst slum areas. And the cost of living for the poor often rises faster than incomes. The gap between wages and basic costs for the person in poverty is clearly astronomical.

Even though Americans below the poverty level fell from 39 to 26 million in the eight years from 1958 to 1966, a phenomenal record, we still have a long way to go to close the gap. Available employment of the type for which slum adults might qualify is generally not available in the slum. In a recent year, 63 percent of all construction permits for industrial buildings were issued for locations outside central cities. On the other hand, 73 percent of office building construction permits were issued inside central cities. This means that central cities increasingly are becoming white collar employment centers while the suburbs are becoming the job employment areas for new blue collar workers. These locations are ironical in view of the fact that low-paid blue collar workers, especially if they are Negroes, live in the central cities while the white collar workers are increasingly living in the suburbs. Traveling to work becomes increasingly difficult for both. Whites and blacks, white collars and blue collars, pass each other by as they come and go from work.

The problem is further compounded by the fact that a slum dweller's dollar buys a lot less for him than it will for the average middle-class American. The American standard of living is inextricably bound to our system of credit. The uneducated and unemployed are more often victims, rather than beneficiaries, of the credit system. Lacking a credit rating, the poor are driven to those institutions which specialize in high risk loans at a very high cost to the consumer. Then, too, the band of residential segregation around the ghetto--the white noose--coupled with increased immigration and a natural population growth, generates a greater demand for living space--however, badly deteriorated or rat-infested--at relatively high cost.

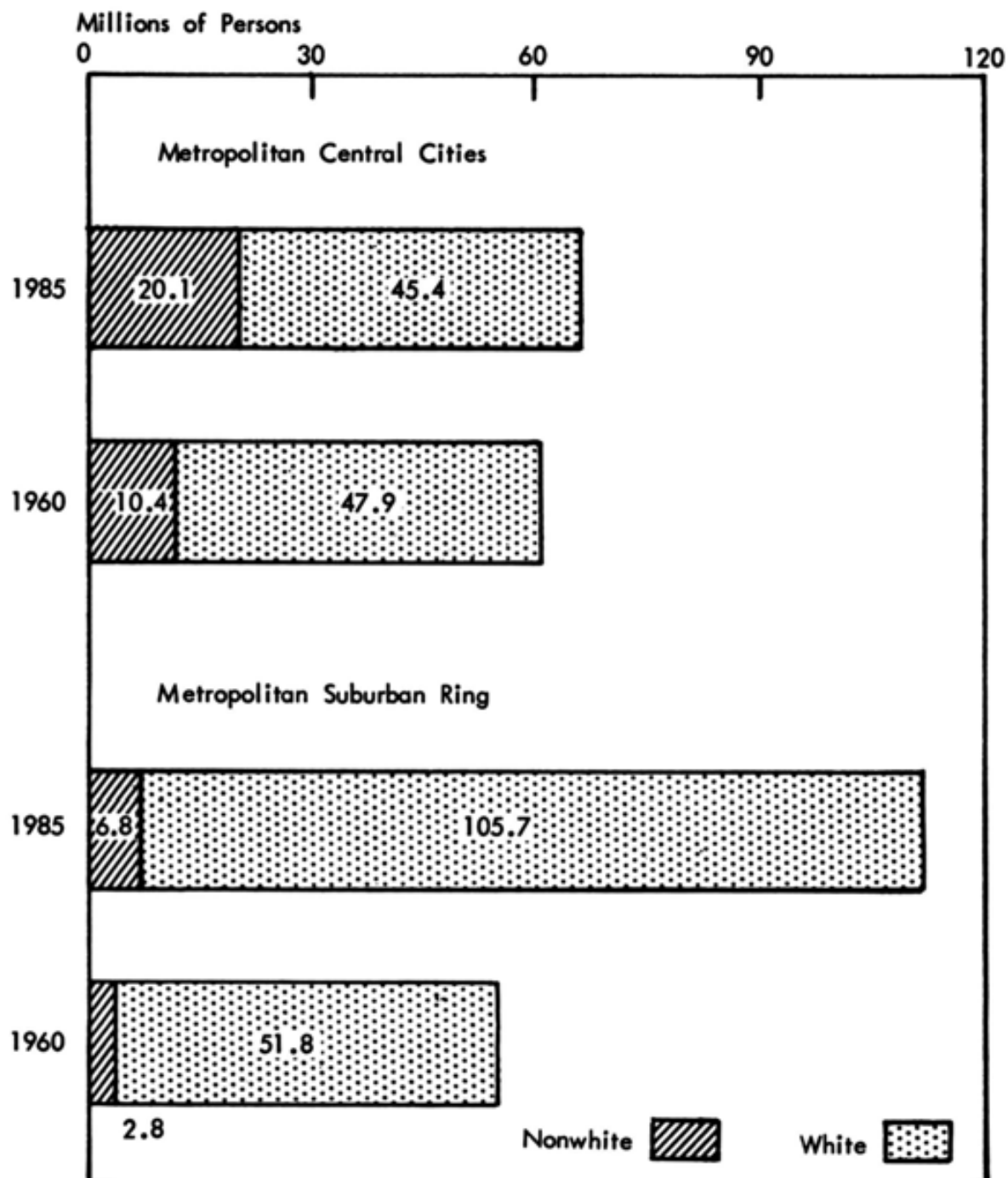
Perhaps the most potentially explosive problem we face in our cities is the fact that the increase of non-whites in central cities is accompanied by just as big a movement of whites from the center city to the suburbs. The result is an almost unyielding pattern of segregation.

For instance, an on-going Chicago survey takes an annual count of specific blocks which contain more than 25 percent Negro population. In 1950, there were 1,080 such blocks. Between 1950 and 1960, an additional 1,344 blocks shifted from less than 25 percent Negro to more than 25 percent Negro. From 1960 to 1966, 1,101 more blocks similarly shifted. Thus the rate of transition from white to non-white occupancy actually increased from 2.6 blocks per week to 3.5 blocks per week.

Negro isolation could become even more serious than it is today. Projections based on recent experience<sup>5</sup> show that, between 1960 and 1985, central cities could lose 2.4 million or 5 percent of their whites, but

CHART I

## Metropolitan Population by Color--Central City and Suburban Ring



## THE PROSPECT OF FURTHER RACIAL SEPARATION

Showing Growth of Nonwhite Proportion in Central Cities  
and of Whites in Suburbs

( a projection)

Source: The Challenge of America's Metropolitan Population Outlook: 1960 to 1985 by Patricia Leavey Hodge and Philip M. Hauser  
National Commission on Urban Problems, Research Report No. 3.

gain 10 million non-whites, a 94 percent increase. This means that non-whites would move up from 18 to 31 percent of the population of the nation's central cities.

If the Negroes continue moving into the suburbs at the present rate, their projected number will jump from 2.8 to 6.8 million. But the number of suburban whites will also more than double, from 52 to 106 million. So the additional Negroes will be all but lost in a sea of whites, as their proportional increase will move from only 5 to 6 percent of the total suburban population by 1985.

These are projections, not predictions. They show the direction in which we have been heading, a shift toward greater racial stratification. But we should not fool ourselves that solutions are easy. It will take massive efforts to reverse the past trends and the momentum behind them.

In state legislatures and in the Congress there are strong indications now that the old rural-city rivalry is being replaced by a rural/suburban-city rivalry. This new suburban and rural coalition until now has significantly limited the ability of urban legislators to change the nature of statutes and programs which affect the central city, and it also reinforces suburban exclusiveness, and the power blocs behind it. This reinforcement, in effect, exacts a subsidy from the central city by imprisoning low-income families and poor families in the central city and sharply limits the dispersion of low-income families to the suburbs.

The overwhelming majority of the future non-white population growth is likely to be concentrated in central cities unless major changes in public policies come about. But one searches in vain to find current programs of federal, state or local governments aimed at significantly altering this tendency.

Slums in our big cities, which are now in the midst of social decay, may well become social and economic disaster areas.

It is entirely possible that a greater concentration of Negroes in the central cities would be accompanied by an increase in tension and violence. If this violence is met by repressive measures there could be a further polarization of blacks and whites, and the flight of more and more businesses, and therefore, jobs, from the city.

The suicidal consequences that such a possibility suggests are not pleasant to contemplate. They threaten our country.

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OUR BIG CITIES ARE HARD-UP, COSTS OF LOCAL GOVERNMENT ARE SKYROCKETING,  
AND REPRESENTATION FOR THE POOR IN SLUMS IS ALMOST NON-EXISTENT.

The lowest income groups are attracted to the inner city slums because that is often where the oldest urban housing is offered at the lowest rents. It needs to be stressed that the weekly rents are often low only because so many people are crowded into such small and poorly equipped space; figured on a per house or per room basis, or as a percentage of investment, the rents received by the owner may be quite high indeed.

The concentration of low-income families places an inordinate burden on each central city to provide welfare services, expanded police protection, and other costly public services. Yet the departure of many middle- and upper-income residents and many industries to the suburbs weakens the central city tax base. The conversion of neighborhoods from middle-income and low-income occupancy, which occurs when slums expand, also reduces the prosperity of retail businesses, thereby further depressing the local tax base. So center cities experience a sharp rise in demand for revenue at the same time that their ability to produce revenue is either static or declining. The result can be, and sometimes is, death for a neighborhood or the slow strangulation of the city itself.

City services cost money. In 1962, the per capita expenditure of local governments averaged one-third more in metropolitan areas than elsewhere. However, the main reason for higher public expenditure in cities is that urban life requires public provision of some services that, under rural conditions, need not or cannot be supplied, like street cleaning, and public sewerage systems. Also cities call for increased intensity for other kinds of public services such as fire protection.

Percentage ratios of per capita expenditure show four functions--public housing and urban renewal, nonhighway transportation, refuse collection and street cleaning, and parks and recreation--for which spending is over 200 percent higher in metropolitan areas than elsewhere. These ratios show three functions--police protection, fire protection, and sewerage--where the "urban" level averages from 100 to 200 percent higher. Public welfare, libraries, water supply, health and hospitals, and interest on debt show the "urban" level averages from 35 to 90 percent higher. Only metropolitan-area spending on streets and highways is well below local public expenditure elsewhere for this purpose.

Urban government expenditure is now running at an annual rate of about \$370 per capita, or about one-tenth as much as the average per capita income of metropolitan area residents. In the 20 years following World War II local government expenditure increased 571 percent, or at a much faster rate than gross national product (up 259 percent). Metropolitan areas account for nearly three-fourths of all local public spending.

More than 40 percent of urban government spending is for education--mainly for elementary and high schools, but including some expenditure for local colleges and junior colleges. Social welfare functions take about one-sixth of the total and about one-tenth goes to water supply and sanitation, a tenth to highways and other transportation, and a tenth to police and fire protection, with all other urban expenditure making up the remainder.

Local taxes provide about one-half of all the funds needed to finance urban government services, with the balance supplied by intergovernmental revenue and local non-tax sources, such as service charges and benefit assessments. Our 38 largest metropolitan areas, with 41 percent of the nation's

population, account for about one-half of all local government finances. In 1966, local government revenue in these 38 areas averaged \$351 per capita, or 44 percent higher than in the rest of the country. Direct federal grants made to urban governments are not yet major revenue sources. While these grants have been rising rapidly, the 1962-to-1966 increase in federal aid to the major metropolitan areas accounted for only \$346 million of the added \$7.8 billion of annual local government revenue. Local property taxes provided \$2.7 billion of that increased revenue.

The property tax is the largest single source of urban government financing. Property taxes are widely criticized because they are so regressive, inequitably levied and poorly administered in almost every municipality in the United States. Even so, in response to needs, the property tax yield has been rising strongly. Nationwide, state-local property tax revenue in 1967 totaled \$27.7 billion--against \$19.1 billion 5 years earlier--with metropolitan areas accounting for about three-fourths of the total.

Slums are expensive to city administrations. Normally, their costs reflect high welfare, police and fire department activity. In other services, such as schools, garbage and trash removal, snow removal, street surfacing and repair, replacement of old and inadequate water and sewer lines, the slums, where additional expenditures are badly needed, are usually on the bottom of the priority lists if they manage to get on the list at all in competition with other city neighborhoods.

Large cities have great problems of keeping the streets clean, but in the slum neighborhoods sanitary conditions generally are intolerable. Practically all can be characterized by junk- and garbage-filled lots,

abandoned cars, broken bottles, and scattered debris. Whether this is the fault of the city, of the landlords, of the tenants, or of people from other neighborhoods who use these neighborhoods as their dumps is a futile argument. All are involved. No one group can really solve the problem without the cooperation of the others. Too often the people living in a block try to spruce it up but get discouraged because the city or the landlords do not do their part. City sanitation departments similarly become indifferent if their genuine effort produces little visible difference.

A common characteristic of an evolving slum is a mixture of land uses not conducive to a neighborhood of homes. One small neighborhood we saw in Philadelphia had seven junk shops, two slaughter houses and ten bars within its boundaries. Planning often fails to weed out such land uses. Many "nonconforming" uses, recognized as incompatible to an area, are permitted because they existed before residential zoning began. Others, although disallowed under a zoning plan, creep in as "variances," the planning term for exceptions to the rules. Most cities require that a notice be posted for a number of days prior to a hearing for the issuance of a zoning variance. Perhaps no one in the neighborhood understands the meaning of the notice, or if the notice is understood, the loss of a day's pay to protest the granting of a variance is generally considered too high a price to pay for being a good citizen. The unemployed members of slum communities conceivably could attend the hearings but they lack experience and the respect from officialdom to accomplish much in this field. So the hearing proceeds without effective local opposition, usually resulting in the granting of the variance. Variances and nonconforming uses help mightily to create and perpetuate slums.

The problems raised by all of the foregoing are monumental and basic. Take the lack of fiscal resources, political representation, and general neglect in slum areas. Couple those facts with the middle class moving to the suburbs and a new rural/suburban political coalition. All of those facts could hasten the time when the only strong voice that would speak for the slums would be the federal government, at best a distant and indifferent parent. And that voice would be represented in Congress by an even smaller percentage of representatives than the slums have today.

COPING WITH METROPOLITAN AREA PROBLEMS IS INCREDIBLY COMPLEX BECAUSE OF  
THE PROLIFERATION OF LOCAL GOVERNMENTS, ALL WITH DIFFERING VIEWPOINTS,  
WITHIN THOSE AREAS

Right after World War II, middle-class America accelerated its flight to the suburbs so fast that thousands of square miles of farmland were turned into housing developments virtually overnight. The pace of that rush has not yet noticeably slowed. To serve the urban needs of this new suburbia, new units of local government were created by the thousands. These included more than newly incorporated rural villages; they included all kinds of special districts to provide schools, garbage collection, water supply, street lighting, sewage treatment and the like. If all these units of government were laid out on a map, every metropolitan area in the country would look as if it had been "non-planned" by a mad man. These crazy-quilt metropolitan areas actually are the work of sane human beings, well-intentioned in their work, but often reaching for the easy, expedient, and politically popular solution.

The U.S. Bureau of the Census defines a metropolitan area as "an integrated economic and social unit with a recognized large population nucleus." As of 1967, the Census Bureau recognized 228 such areas in the United States. They are called "standard metropolitan statistical areas" or SMSA's. Generally, an SMSA consists of one or more entire county areas, primarily nonagricultural and closely related to a central city, or cities, of 50,000 or more. (In New England, SMSA's consist of groups of cities and townships rather than of entire counties.)

Nearly two-thirds of all Americans live in metropolitan areas. Slightly less than half of all metropolitan area residents live in the central metro-

politan cities, but most of the increase in SMSA population is taking place in the outlying-ring territory, suburbia.

In 1967, our metropolitan areas were served by 20,745 local governments, or about one-fourth of all local governments in the Nation. This means 91 governments per SMSA—an average of about 48 per metropolitan county. But these averages cover great variations. There are 20 SMSA's with fewer than ten local governments each—13 in the South, five in New England, and two in the West. At the other extreme are such SMSA's as Chicago, with 1,113 local governments (186 per county); Philadelphia, with 871 (109 per county); Pittsburgh, with 704 (176 per county); and New York, with 551 (110 per county).

The overwhelming majority of these local governments are relatively small. For example, two-thirds of the municipalities in SMSA's have a population of less than 5,000 and one-third of the total number have fewer than 1,000 residents. Similarly, of the 3,225 townships in SMSA's, over two-thirds have a population of less than 5,000. Most of the SMSA special districts also involve only small-scale operations. Of all the school districts in metropolitan areas, about one-fourth have fewer than 300 pupils, and about one-third operate no more than a single school.

In physical size many of the local governments in metropolitan areas are extremely small. Of all the municipalities in SMSA's, about one-half have less than a single square mile of land area, probably 60 percent are smaller than two square miles, and four-fifths have a land area of under four square miles. Fewer than 200 SMSA municipalities include as much as 25 square miles of land area.

Most residents of metropolitan areas, then, are served by at least four separate local governments, i.e., a county, municipality or township,

and a school district, plus one or more special districts. The average SMSA central city has more than four overlapping local governments.

The abuses that such a multiplicity of governments works on a metropolitan area are many, and we need not list them all here. One is the discriminatory zoning that suburban towns adopt. Zoning, which is barely a body of law, very effectively keeps the poor and those with low incomes out of suburban areas by stipulating lot sizes way beyond their economic reach. Many suburbs prohibit or severely limit the construction of apartments, townhouses or planned unit developments which could accommodate more people in less space at potential savings in housing costs. Even where apartments are allowed, they often are limited as to size of unit, effectively keeping out families with children who would presumably place a burden on school budgets. Zoning is also used by most suburban areas to keep out blue-collar industry which could go a long way in providing the types of jobs low-income people could take if they could afford to live in the suburbs.

Another bad effect of too many local governments comes from their competitive scramble to attract industry. To support faltering local economies, communities often put industrial plants in places where, according to sound planning, they do not belong. The favors held out to bring in industry then make it possible for companies to avoid their fair share of the metropolitan area tax burden.

Still another abuse is excessive strip zoning along main thoroughfares, sometimes used to increase the tax base with commerce. The resulting gaudy development is a major offender in urban ugliness.

All of the foregoing raises the question: How many local governments would there be in metropolitan areas if it were somehow possible, in each SMSA, to replace existing arrangements by a set of comprehensive units, each responsible for providing all local public services for its own defined territory and each serving a population of at least 50,000 persons?

Such an arrangement can be tested by reference to 1960 population figures for the 228 SMSA's as defined in 1967. On this basis, the metropolitan areas altogether would have approximately 1,300 local governments, or an average of less than six per area as compared with the present average of 90 per SMSA. If thus reorganized, about one-fourth of the SMSA's would each be served by only a single local government, and nearly as many by two local governments apiece. At the other extreme, this approach would involve more than 30 governments for each of seven very large metropolitan areas--58 for the Los Angeles-Long Beach SMSA (instead of 223); 55 for the New York SMSA (instead of 551); 52 for the Chicago SMSA (instead of 1,113); 46 for the Philadelphia area (instead of 876); 38 for the Detroit SMSA (instead of 242); 37 for the Pittsburgh SMSA (instead of 146).

Unless local units are large enough to function well, it is almost certain that the demands for better services will cause power over local affairs to be shifted to higher levels. This is not theory, but simply a statement of political fact that has been observed many times over the past generation. We should weed out many of the unnecessary, overlapping layers of local government, especially the very small units and special districts.

While we strongly favor consolidations to form larger city governments and would offer revenue incentives to political jurisdictions with 50,000 people or more in major urban areas, we should not overlook the counties. County governments have a largely undeveloped potential for handling many urban matters. This is understandably overlooked or flatly denied in many parts of the country because most counties still stick to obsolete procedures and programs. But they do cover broad geographical areas. They embrace substantial populations--whole cross-sections, not just narrow interest groups. And they draw from a tax base spread over a whole spectrum of land uses. These advantages explain why a few urban counties already are taking the lead in restoring a unified approach to metropolitan affairs. One lesson is that counties must modernize if they are to exercise leadership on the local scene. At present they are a very weak reed, indeed. They do have a much greater potential.

A big key to the success of revising, enlarging, and rationalizing local boundaries is held by the state legislatures. The local governments can hardly be expected to do this by themselves; their lack of objectivity and perspective in these matters is one reason the urban areas are in such trouble already. Although many state legislatures have been indifferent to city problems, they have authority to cure many urban ills.

Recent metropolitan reorganization efforts have experienced more setbacks than successes. Public apathy has been more prevalent than outright opposition. In the record of attempts at a significant restructuring of local government in metropolitan areas -- the handful accomplished as well as the unsuccessful efforts -- one feature stands out: each was primarily a local undertaking, initiated and pursued uniquely in the areas concerned, even though basically authorized by state constitutional or statutory provisions and sometimes involving some specific state action. Because each metropolitan area has its own particular problems and attitudes, major structural changes should be tailor-made by local people.

Councils of governments in various places around the country are making genuine progress in giving local government a new perspective. Some students of government say that the councils do not move us along as swiftly or as far toward metropolitan government as they believe necessary. The fact is, however, that really comprehensive mergers will take a great deal of time. Meanwhile, many areas, spurred by federal incentives, are combining metropolitan services, saving taxpayers' dollars, learning to work together, and developing loyalties beyond their own backyards. Councils of government should not be used as a sedative, however, to lull the public into indifference about consolidation of governments when that is needed.

Can a re-structuring of local government, at the scale required, ever be done? The answer we believe is a highly qualified "yes." The need for change is too urgent to permit complacency on this score.

As one of the Nation's most thoughtful students of these matters said recently:

America's great urban regions lack the powers to guide their development. They cannot decide the use of their most precious commodity--open land; nor prevent the fouling of their air and water; nor assure equality in opportunity and education for their children. Until they have such authority --until suburb and central city acknowledge in these specific respects their common concern--we can blanket the present array of local jurisdictions in a blizzard of federal cash and still fail to protect our urban heritage and upgrade our urban environment.<sup>6</sup>

How do these governmental issues relate to the problems of poverty, segregation, and civil rights, so explosively reflected by recent unrest and disorder in many cities? To oversimplify a complex question, it takes financially strong and structurally sound local governments to deal fairly and firmly with these social problems. The Commission was impressed by the number of highly motivated, conscientious local officials; but they often are ineffective because of the economic weakness and splintered authority of their local governments. Even worse, in other cases, the existing governmental patterns contribute to conflict and social discontent. So the growing public concern about the urban crisis should help overcome the apathy that often characterized efforts to modernize local government.

THOSE MOST LIKELY TO LIVE IN SUBSTANDARD HOUSING ARE THE POOR  
NONWHITES WHO HAVE BIG FAMILIES AND ARE RENTERS. BUT THEY ARE NOT  
ALONE. A THIRD OF OUR AFFLUENT NATION CANNOT AFFORD ADEQUATE,  
NONSUBSIDIZED HOUSING TODAY, DESPITE GREAT GAINS IN OUR HOUSING STOCK.

Most measures of substandard housing include not only dilapidated housing but also standard or deteriorating housing with inadequate plumbing. Estimates of housing need in addition must take account of overcrowding or what might be called substandard occupancy, when the number of people in a household outnumber the number of rooms. (Bathrooms and closets do not count as rooms, kitchens do.) But as our Report frequently emphasizes, we consider these measures inadequate, leading to a gross understatement of the Nation's housing needs.

Decent housing has a far more subjective definition. Almost no agreed standards exist for measuring what is decent housing, which is why the Commission proposes a system for arriving at useful standards. Definitions will change, of course, as the standards of living and expectations rise. For middle-class Americans at the end of the 1960's, decent housing implies a high level of amenity, both in the house and within its immediate environment, a level of amenity none of the rest of the world, outside the rich, enjoys in its housing.

To meet middle-class aspirations, decent housing may mean, for instance, enough bathrooms so there are no morning line-ups as the family gets ready for work and school; uncrowded bedrooms; and a kitchen with a sink, range, oven, refrigerator, counter space, and outlets for portable appliances. Many even would include as minimum requirements dishwashers, clothes washers and dryers, garbage disposals, and, in areas of hot climate, air conditioning.

Even such housing does not meet many people's idea of what is decent unless, in the neighborhood, there is recreation for children, shopping, and public transportation. Cultural or entertainment facilities within easy reach, trees, grass, flowers, and other features that make a neighborhood pleasant and liveable are expected. In short, the house that is adequate in itself ceases to be adequate for the middle-class family when dropped in the middle of a slum or otherwise unsuitable surroundings.

On the other hand, the world of a slum child is a world of substandard and over-crowded housing, housing often without plumbing or heat, infested with rats and insects, packed with many more people than there are rooms, especially in the winter, and housing so noisome that a child is happy to live on the streets all summer.

There are today at the very least 11 million substandard and over-crowded dwelling units in the United States. This is 16 percent of the total housing inventory. According to the Census, three-fifths of all that substandard housing is said to be in rural areas--generally on farms and in towns of less than 2,500 persons. Thirty-six percent of all rural housing is substandard, compared with estimates of 10 percent of all urban housing. These are highly conservative figures. And they not only greatly understate the problem but tend to mask the critical aspect of the urban housing problem--the concentration of substandard housing and of poor people.

In metropolitan areas there are about four million substandard and overcrowded units. Almost that many more are so deteriorated they need constant repair. Another several million have serious code violations. Recent surveys in some inner city slums indicate, instead of improvement,

a deterioration in this inventory. Not all of the people in these houses are poor. Many have moderate incomes--between \$3,500 and \$6,000--and are trapped in inadequate housing because there was no decent housing within their ability to pay. It should also be noted that just as all who live in bad housing are not poor, neither do all poor people live in bad housing.

In some places, there is a steady increase in substandard housing. In New York City, for example, the number of substandard units has risen since 1960. However, it is not only the size but the concentration of substandard urban housing which is the problem in city areas. In cities where the general average for substandard overcrowded units is only 10 percent, 40 percent of the housing in slum areas may be deficient.

Most important, poverty families in substandard housing have a high correlation with race. If you are poor and non-white and rent the chances are three out of four that you live in substandard housing.

To use another measure, 45 percent of all nonwhite owner household families had incomes of \$3,000 or less or were poverty families. But these poverty families occupied 72 percent of the substandard, non-white, owner-occupied housing.

A similar but even bleaker picture was true for the non-white renter. Non-white households occupied a third (32 percent) of the Nation's substandard rented housing, although they made up only 16 percent of all rented households. If one were non-white and poor, the gap widened even more. Sixty-two percent of poor non-white families were in substandard rental units. Only 35 percent of poor whites were living in substandard rental units. Almost 60 percent of all non-white renters were in the poverty income class in 1960. But they accounted for 75 percent of substandard housing which was lived in by non-white renters.

A seven-city Commission staff study showed that there were 103,000 large poor families in the seven cities who could not afford to rent standard housing of a suitable size at market rents. In these seven cities only 20,000 units with three or more bedrooms in publicly assisted housing of any kind was available to these families. The gap between the need and the units available was, therefore, 83,000 units, or over 80 percent. For the large poor family that also was non-white, the chances of escaping substandard housing were even more difficult. It is fair to conclude that one of the most desperate urban needs in the country is housing for the large poor family.<sup>7</sup>

In public housing, for a given amount of money, more units can be produced by building efficiency or one- or two-bedroom units. This fact explains, in part, why from 50 to 60 percent of all public housing units in recent years have been built for the elderly. From a bureaucratic point of view, the ability to list a housing unit for two people as equal to that of a housing unit for six or eight or ten people, is one reason why such a large proportion of public housing is made up of smaller rather than large family-sized units. This has been a grave mistake. Besides the initial cost, many factors enter in the decision to build small or large units. This is seen in private as well as public housing. Larger units mean more kids, more maintenance problems, less tranquil apartments or neighborhoods, more local school costs, and usually more poverty. The decision to build small units unfortunately may have racial overtones as well as fiscal.

It is widely held that job programs, training programs and other anti-poverty programs will help increase the purchasing power of urban residents enough so that they can get their own housing without subsidy. Useful as these programs may be, the present level of funding for them is a relative drop in the bucket when measured against the actual need. In our big center cities where the need for job programs, higher incomes and better housing is greatest, the arithmetic of this need is staggering.

New multifamily housing, appropriate for some big cities, costs from \$17,000 to \$22,000 a unit, even with an urban renewal land write-down. Translating costs into rent, a \$20,000 unit even with heavy subsidy, requires payments of roughly \$150 a month. That figure would include maintenance, operating costs, interest (subsidized to a few points below market) and amortization (term up to 40 years), assuming a property tax abatement of about 50 percent and a two-thirds public write-down of the land cost.

Yet half of the low-income families in the slums can afford to pay only \$65 to \$110 a month, or \$780 to \$1,320 a year for rent. And the other half cannot afford more than \$35 to \$60 a month, or \$300 to \$720 a year. The cities with their critical fiscal situation require higher taxes almost every year just at a time when the slum areas need the greatest tax abatement and subsidy. In the light of such considerations, to expect the free market to supply housing for all Americans without subsidy requires a flight from reality. We have to turn to government at every level to help finance an adequate supply of minimum standard housing, especially in the inner cities.

Misconceptions frequently obscure the problem of supplying decent housing, such as the notion that housing low-income families will take

care of itself by the trickle-down or filter-down principle. This has it that as people move up the economic ladder, they leave behind them dwelling units which people moving up the ladder behind them can occupy. At the end of that chain of transferring residences, the poor in theory are provided with an inventory of available, lowest-cost housing. Undeniably the trickle-down theory does work for part of the population, but it falls short of supplying enough housing for low-income families principally because: (1) the availability of the lowest-cost housing is not always where the poor can get to it, and because (2) so much of the cheapest available housing is substandard, that is, lacking indoor plumbing and hot water, badly deteriorated, or overcrowded. In all conscience, housing that may have been suitable for one family cannot be counted as suitable when three or four families are sardined into it. Virtually all slum housing is filter-down housing--which is proof enough of its inadequacy.

In order to break the back of our minimum housing needs by 1980, we calculate that the nation should build two- to two-and-a-quarter million new housing units a year. That compares with the rate over the last six years of an average of 1.45 million (not counting mobile homes). In only one year, 1950, since the end of World War II have we even approached the rate of 2 million units a year. We are clearly dragging our feet.

Just building new housing at a certain rate is not enough. To make sure that the people who are now left with no alternative to substandard housing get relief, we feel it is important to specifically reserve 500,000 of the new housing units for people in the lower income brackets. We think a fair breakdown would be to designate 100,000 a year for the abject poor (incomes

up to \$2,200 a year for families of four); 100,000 for the poor (incomes up to \$3,300); 100,000 for the near poor (incomes up to \$4,500); and 200,000 units for families with incomes over \$4,500 but who still cannot afford to buy or rent decent housing in the private market. In short, the increased housing over the present level of production should go to those who need it most.

We cannot pretend that this half million units of added housing over current production can help many of the poor unless there are subsidies to bring rents or sale prices down. Society must face up to this. But the amount of the subsidies can be reduced to the extent we find ways to bring down the costs of housing.

At present, subsidies are needed so the lower economic middle class can afford adequate housing. By reducing housing costs appreciably, so that the average family of four earning \$6,000 a year could find decent housing in the private market, then the upper limit requiring some subsidy could be brought further down the income scale. The main thrust could then be aimed at the really poor.

An important by-product of building more dwelling units will be increased jobs--about 165,000 a year to construct the homes and about 330,000 a year in related supplier industries. These combined new workers could make a big dent in urban unemployment, especially among the young and minority groups.

SEGREGATION HAS BEEN A COMPLEX PROBLEM NAGGING AT AMERICA FOR YEARS.  
FOOT DRAGGING AT ALL LEVELS HAS NOT HELPED. THE PROBLEM REMAINS CRITICAL.

Segregation has been a fact of life in America for 300 years. While we make no pretense of having studied it exhaustively nor to having any unique insights into the problem, we cannot fail to mention it here.

The institution of slavery and its aftermath which we have inherited has poisoned relationships between many whites and Negroes. And the past pressures for racial separation were reinforced by complex cultural, social, and economic factors.

A commonly observed pattern in America has been the initial more or less voluntary flocking together for mutual protection and fellowship of migrant peoples of various ethnic, religious and other ties in preference to venturing into a mixed, integrated society.

The traditional American hopes and attempts of the individual to rise to new stature without being bound to one's beginnings often lead to social exclusiveness. Many people try to reassure themselves that they have indeed achieved new heights by physically escaping from and then rejecting their origins. The white well to do exclude the middle class, and the middle class exclude the poor. Some Negroes who struggle to rise economically exhibit this characteristic, seeking to exclude poor Negroes from their neighborhoods, just as whites do. White middle and upper classes have been particularly anxious to keep out the black poor.

Prejudices are harder to erase when people are insecure about their jobs and status. Large numbers of Negroes have educated and prepared themselves to compete in most fields. But some whites fear that the trained Negro cannot be absorbed without threatening their jobs. Racial contempt,

open or concealed, is encouraged by the resulting economic friction. Whites who try to keep their neighborhoods segregated often disguise these feelings, claiming instead that Negroes and the poor will lower property values, overtax the schools, and invite delinquency or crime.

Actions and attitudes of the whites inevitably create reactions within the black community. The result has been a tendency for society to become polarized, and by income group as well as by race. But the answers are enough jobs and enough housing for all. As the late President Kennedy often remarked, a rising tide floats all boats.

Elected officials at all levels found it hard to stand up against the prevailing pressure. Those at the Federal level were no exception. For years they made little effort to resist the pressures. They closed their eyes to the massive federally-supported build-up of largely white suburbia in the period following World War II. In the North and in the South, reflecting dominant moods of the times, the Federal Housing Administration would not insure any mortgage where a black family bought a home from a white. It may fairly be charged that in line with the prevailing general attitude, Federal funds were so used for several decades that their effects were to intensify racial and economic stratification of America's urban areas.

Much of this was due to the emphasis the housing legislation placed on local control. When the Federal government during the Depression era became involved in housing and other matters affecting the general welfare, the emphasis was on stimulating the economy. And local control became a guiding principle. The Federal government in the 1930's began to build housing for poor people, using its power of eminent domain and contracting directly for construction. But this gave way to an indirect approach: federal subsidies to local housing authorities which had the full responsibility for site

selection and operation, including racial policies.

Local control again was embodied and carried forward in the landmark Housing Act of 1949. The limitations on federal action, as spelled out in the Senate report on that bill, stated that federal assistance for clearing slums and blighted areas, under the bill, "shall be available only for projects where there has been a local determination by the governing body of the community that the project is needed and where the plans for such project are locally made and locally approved. This bill incorporates the basic philosophy that if the people of a local community take no interest in that community's housing problems, it is not for the federal government to impose a program upon them." If the fathers of housing legislation preferred more federal muscle, the bow to local determination often was the only way to get their bills through Congress.

To recognize this emphasis on local control is not to say that federal officials were powerless to alter the racial policies alluded to, or that they could not have prevented the abuses, for example, which led urban renewal in some places to be called Negro removal. The federal administrators still controlled the funds and, in distributing them, they had the right and duty to insist that legislative purposes were adhered to locally. The purpose of the 1949 Housing Act, for instance, included assistance both for slum clearance and (what tended to be overlooked locally and federally) for low-rent public housing.

If the federal bureaucracy often tended to be timid and to lack a robust faith in the programs and policies it was supposed to administer, the Congressional pulling and tugging over these controversial issues, between the legislative committees, on the one hand, and the appropriations committees, on the other, did not help. It weakened the will of the federal bureaucracy.

Not only in public housing and urban renewal, but also in rent supplements, leased housing, nonprofit housing and many other programs, these unresolved issues raged.

Top housing officials and recent administrations certainly have thrown themselves wholeheartedly behind freedom of choice in housing. The majority in Congress, by outlawing segregation in public facilities and insisting on equal opportunity in the use of federal grants, put its weight behind a desegregated America. By the open housing act of 1968, it prohibited discrimination in the sale and rental of housing.

The real test--whether or not these prescriptions actually will be carried out where people live--is yet to come. Because the Commission believes that evil days will fall upon the country if segregation policies are not wiped out, we present many recommendations aimed at reversing the past trends. We believe in the long run that the good sense and innate decency of the American people will triumph. We are encouraged by the socially-minded groups and individuals who are struggling to create and maintain desegregated and integrated communities. We find indications that there probably are more persons who believe in freedom of choice and genuine democracy than is commonly believed. Major segments of society, ranging from the religious leadership to the business leadership, are attacking the problem with new vigor.

A story that should not be forgotten in these times is that in the past the American city had progressed a long way toward a balanced community, with people of many origins and occupations and wage levels living in the

same neighborhoods, sending their children to the same schools, and working in the same sections. The city was the melting pot. And to many, the people living in these neighborhoods seemed far less burdened by the fears and phobias that haunt some citizens today who take such pains to wall themselves off from all shades of differences.

Putting our nation back on the right track will not be easy. The difficulties are great. It is a struggle for the soul of America.

OVER THE YEARS ACCOMPLISHMENTS IN SUBSIDIZED HOUSING ARE EXTREMELY INADEQUATE. THE NATION IN 30 YEARS OF PUBLIC HOUSING BUILT FEWER UNITS THAN CONGRESS, BACK IN 1949, SAID WERE NEEDED IN THE IMMEDIATE NEXT SIX YEARS.

One might suppose, after years of talk and controversy over public housing and the more recent species of subsidized housing, that by now the Nation would have managed to produce a sizeable quantity of housing units for low-income families. The record, unfortunately, is to the contrary.

Public housing, after three decades, has produced a total (including preliminary totals for fiscal year 1968) as follows:

COMPLETED PUBLIC HOUSING UNITS            667,000 units

The Rent Supplement program, since 1965, has produced an amount of housing (as of June, 1968) as follows:

RENT SUPPLEMENT UNITS COMPLETED            3,000 units

The below-market interest rate program, variously known also as the nonprofit, limited dividend, and 221(d)(3) programs, aimed at low- and moderate-income housing (but, in fact, producing essentially for moderate-income rather than for low-income persons), has produced a total amount of housing, as of June, 1968, as follows:

221(D)(3) HOUSING COMPLETED            52,000 units

While the rehabilitation housing programs do not add new units, they do help move units from the substandard to standard category. The rehabilitated units completed, as of June, 1967, were as follows:

COMPLETED REHABILITATED HOUSING            75,000 units

Additional Senior Citizen housing, through fiscal 1968, produced housing (under the 202 program) as follows:

SENIOR CITIZEN HOUSING            21,000 units

Not only has there been too little public housing. What has been approved has taken too long to get built. Our studies show that public housing has taken from three to four years to move to completion, with some 47 steps over an average 308 days just to move from the inception of a project to contract publication. Similarly, with the 221(d)(3) projects for moderate-income housing, delays have been costly and discouraging. It took an average of 376 days from the time of the original applications just to the start of construction. The urban renewal delays have gotten more public attention because the large city areas vacated and then allowed to sit idle have been so noticeable. Renewal projects on the average have taken from six to nine years to complete. Due to the action of the President's Joint Administrative Task Force, the times for original processing have been cut very markedly.

The completion figures cited above do not give the whole picture. They do not include housing units "in the pipeline," that is, those for which applications have been approved, money reserved, contracts let, and construction started. Nobody, of course, is living in a housing "start," and admittedly one of the gnawing complaints about Federal housing programs over the years has been the long time it took for many of the projects to become ready for occupancy.

Without analyzing the pipeline in great detail at this point, one aspect is so encouraging it bears underscoring:

The past year or two, during the time when this Commission was holding its hearings and making its studies, the Federal Government's record in the number of housing units started saw tremendous improvement. In Fiscal Year 1968, the starts of 221(d)(3) housing were double those of the previous year; the Rent Supplement starts were about four times the number of all units previously built under that program; the leased

housing, which had barely gotten off the ground, jumped to a respectable number, and low-rent public housing (new construction) witnessed a big leap forward -- almost fifty percent. The statistics provided by HUD for Fiscal 1968 starts include the following data:

PUBLIC HOUSING CONSTRUCTION	46,000
221(D)(3)	43,000
LEASED PUBLIC HOUSING	19,000
RENT SUPPLEMENT CONSTRUCTION	12,000

The units begun in 1968 are the largest number started since the early 1950's, or for almost two decades. The present administration deserves credit for the major effort reflected by these figures. In addition, many of the changes in policy urged by individual members of the Commission during its investigations and hearings around the country have been ordered through administrative action or new legislation. The major thrust of urban renewal in the future, for instance, is to be on housing for the poor, often neglected in the past. If the provisions of the 1968 Housing Act, many of them initiated by HUD and the Administration, are faithfully carried out, there will be additional aid for large poor families, increased tenant services, better management, greater freedom in design, and limitations on the indiscriminate use of high-rise construction for family housing.

Speed-ups in processing, seed money for moderate-income projects undertaken by nonprofit groups, and financing for ghetto area housing are among other HUD changes or recommendations. All in all, at the prodding of the top echelon, major improvements have brought a quantum jump in the momentum of housing programs. But their work and the national welfare would be ill served by concluding that the Federal housing assistance program is anywhere close to its goals. Only continued and increased momentum in the direction so recently begun will make a real dent. To date, the total

amount of public and publicly assisted housing actually produced has been far short of the needs. A grand total in the neighborhood of one million housing units is too small. To grasp the insignificance of this amount, consider it in the light of a few other facts:

Demolitions of housing by public action alone destroyed more units of housing than were built, in all Federally-aided programs.

The total current housing inventory is about 68 million units.

The annual rate of all new housing construction in recent years has been less than 1.5 million units.

A conservative estimate of the substandard and overcrowded housing is 11 million units.

The small amount of public housing produced for America's poor families is particularly disappointing in view of an earlier national goal. Congress, in the Housing Act of 1949, agreed that the country required 135,000 new public housing units a year for the next six years, or a total of 810,000 units. We have not produced that much in 30 years of public housing. Since proclaiming that goal in 1949, we have produced only about 500,000 units, or two-thirds of the six-year goal in 20 years!

Low-income housing, unlike urban renewal, for instance, so far has never enjoyed the wholehearted combined support and power of the private and public sectors. Yet new efforts to accelerate public housing have been made: (1) the turnkey approach lets the private sector produce public housing, which is then sold to a local housing authority; (2) existing housing may be purchased for public housing use; and (3) standard private housing may be leased for public housing. While these three programs are fine in concept, their impact in total numbers remains slight.

Until 1961 none of the FHA-insured housing programs provided subsidies to lower interest rates. The effect of the FHA guarantee to mortgage lenders was to reduce the price of financing; to that extent, it was a form of subsidy to the home buyer. FHA's programs for rental housing in urban renewal areas for housing displaced persons called for waiving the traditional "economic soundness" requirement, but rents and carrying charges still reflected payment of full market interest.

The Housing Act of 1961 established a below-market-interest-rate program to stimulate production of housing for moderate-income families. The move also was greeted as an answer to low-income housing, but it virtually ground to a halt in this respect. Holding the program back were these aspects: (1) nonprofit sponsors often lacked know-how and seed money to successfully initiate and carry out projects, (2) limited-dividend corporations did not look with favor on the six percent allowable profits when they could anticipate 12 percent elsewhere, (3) extended processing time because of red tape, complexities, and bottlenecks in local and regional FHA offices. These processing times too have been greatly speeded up since the President's Joint Administrative Task Force reported on this problem.

The rent supplement program came into existence in 1965 and was tied to Section 221(d)(3) at the statutory FHA interest rate plus a mortgage insurance premium of half of one percent. Only five percent of the rent supplement funds could be paid to below-market-interest-rate projects under 221(d)(3), together with another five percent for direct loan projects for the elderly under Section 202 and 231. Rent supplements immediately ran into trouble in Congress. As a result actual appropriations were only

\$30 million in the first two years of the program although legislation had authorized payments of \$65 million. The rent supplement program got off to a slow start, but we anticipate better results in the years ahead -- a hope based on performance reflected in the 1968 starts.

The numbers, rules, and regulations of the myriad FHA programs are confusing to say the least. What is not so confusing is that they have added up to very little assistance to the large numbers of people who so desperately need subsidized standard housing.

More noise and thunder will not overcome the Nation's poor showing. Government assistance programs will not work unless some way can be found to further reduce and ultimately eliminate the time-consuming rules and procedures that confront -- and frustrate -- the prospective builder or developer. As an example of strangling red tape, New York City claims it has taken at least two years to process the average 221(d)(3) project -- and by that time, costs can rise 10 percent. Furthermore, new programs often overlap and even contradict earlier programs, adding more chaos to the already chaotic machinery of Federal, state, and local governments. What is more, many programs are wrapped in restrictions that can make them almost inoperative. A good beginning has now been made through improved procedures and by such programs as turnkey. The changes initiated by HUD are now beginning to show very concrete results as evidenced by the large increase in starts in 1968.

A popular pastime among government critics has been to pick on FHA for doing too little to help poor people. Most FHA programs were not originally intended to provide low-income housing. At the outset, the

agency's purpose in the 1930's was to get money for housing moving again, and this legislative history led to the FHA requirement that mortgage insurance be placed only on economically sound properties. Since it was hard to argue that a slum area was economically sound, slum properties were automatically ruled out.

FHA's traditional reluctance to insure the blighted areas was not simply a matter of inertia as needs changed. It also arose out of conflicts within Congress. One segment of Congress would blast FHA for failure to provide socially motivated housing, while another segment almost gleefully would seek out cases of mortgage defaults and scorch FHA for its radicalism and lack of sober conservatism.

Another problem also plagues FHA's programs: They are too subject to the fiscal maneuverings of the Budget Bureau. Despite a call for action in low-income housing in 1967, the 221(d)(3) program literally strangled while several hundred million dollars was withheld by the Budget Bureau in the attempt to cool off the economy.

One of the blocks to providing standard, low-income housing in areas outside of central cities often has been the Workable Program. The Workable Program is a set of requirements which must be adopted and at work in a city or a suburb as a condition for getting certain Federal grants for housing or community facilities from HUD. Some suburban communities that did not want low-income families simply did not meet Workable Program requirements. This means that neither private nor nonprofit sponsors can afford to produce low-income housing in those communities because they cannot get the benefits otherwise available for such projects. Workable Program requirements, commendable in themselves, certainly were never

intended to keep low-income families out of town. As a punishment, this is like telling a boy that unless he polishes his shoes he will be allowed no spinach or castor oil. To be effective, the Workable Program should be tied to things the cities want, such as sewer-and-water grants, with communities required to provide low-income housing before they can get the grants.

Fortunately, while not facing this issue head on, the Congress did not tie the new Section 235 and 236 low interest rate programs to the workable program requirements. Thus, this roadblock will not be a limiting factor for these new programs.

Rehabilitation under various programs has grabbed more headlines than it has produced standard housing. In 1954, public housing was allowed to live only at a greatly reduced rate of new construction. Largely to take its place, the rehabilitation of existing structures was pushed to the fore with the contention that it would avoid the weaknesses of other approaches. The extensive bulldozing of whole neighborhoods and uprooting of families was beginning to make urban renewal unpopular. It was argued that it would be much easier to upgrade existing housing. This would keep the houses in private ownership and avoid all the disturbances which wholesale clearance brought with it. It would also preserve and possibly increase the local tax base and help the cities to meet their financial problems.

Rehabilitation also was represented as being a workable substitute for public housing, avoiding large-scale housing projects which tended to become impersonal.

Along with rehabilitation, emphasis was placed on local building codes, to prevent grossly inferior structures from being built, and on housing codes, to lay down minimum standards of health and decency to which existing housing must conform.

One of the principal things wrong with rehabilitation work is that too many people saw it as the complete answer to too many housing problems. To be sure, it can and does solve some housing problems. Where an area is clearly worth saving, for instance, rehab can do great things for a city. And the economies of massive rehab jobs can bring costs down to between 70 and 90 percent of the cost of new dwelling units. But 1967's highly touted "instant Rehab" job in New York City cost over \$22,000 a unit with only 495 square feet of living space -- a grossly excessive sum.

The Commission saw rehabilitation efforts that held great promise and others, that seemed poorly conceived, that held little more than empty hopes. But another Presidential group (the Kaiser Committee) was assigned to examine rehabilitation in depth, and we defer to that body for any comprehensive judgment of rehabilitation.

In summary:

--Because of the documented desperate housing needs of the poor, which are generally underestimated;

--As a consequence of the large subsidies -- income tax deductions for interest and property taxes, and grants for suburban development -- available to the middle and upper income groups;

--As a moral responsibility arising from the fact that public action has destroyed more housing for low income Americans than it has built;

--As a result of the unwillingness of the country in the past to meet even the minimum goals for public housing authorized in the 1949 Act;

This Nation now has an overwhelming moral responsibility to achieve within the reasonably near future a decent home and a suitable living environment for every American family which it pledged itself to achieve almost twenty years ago.

We believe this can be done through increased effort and activity at every level of government, and by the private sector.

We foresee a much larger role for communities in providing sites, reducing restrictions, and actively housing the poor.

We advocate an expanded role for the States, especially where they are willing to contribute funds, in assembling land and housing sites, in fairer taxation and financing, in bringing larger units of government into existence, in providing a more uniform and fairer application of those state police powers, such as zoning and building codes, which they have largely abdicated to even the smallest locality. Zoning and building code restrictions have held back the application of economies of scale and production in the building industry.

We believe that the Federal Government must give housing a much higher priority in its policies than in the past. Yearly housing construction goals should be placed on a par with the goals for employment, growth, and price stability. Housing programs should be funded for a minimum of three years and by the least expensive means of subsidy. Economic policies should be followed to bring both a greater volume and continuity of production in the private market and under public programs.

The federal housing programs should be rewritten, simplified and improved. There must be a further speed-up in processing and in building. We urge that the housing agencies take more initiative to help the most needy localities meet their needs.

Simplified procedures, increased funds, and continuity of programs should also help to attract greater participation by private industry in the task of housing the American people in well designed and well constructed buildings.

If all else fails; if the localities do not build; if the states do not expand their role and increase their funds for housing programs; if the traditional housing programs and agencies do not provide a vastly increased amount of housing; then, reluctantly, we advocate that the Federal Government become the builder of last resort.

HOUSING COSTS CAN BE REDUCED IF NONE OF THE MANY AVENUES FOR SAVINGS IS DISMISSED AS INCONSEQUENTIAL. ADD THEM ALL UP AND THEY PROMISE TO BE SUBSTANTIAL.

The Commission believes that housing costs can and must be reduced. We believe that substantial savings can be made short of the introduction of revolutionary new systems.

One way this can be done is to attack individual items of costs in housing. No opportunity to reduce them should be ignored simply because, by itself, it may not result in dramatic overall reductions. Significant savings can be made through numerous small reductions.

Costs also can be cut if large-scale or industrialized production is combined with the most progressive existing products or techniques. To do this, we must also remove the barrier to large-scale distribution brought on by restrictive building codes and practices, subdivision regulations and zoning ordinances.

We should cut costs so that more people can rent or buy housing from the private market and to reduce the amount of subsidy necessary to house those who cannot do so.

We believe that a number of changes in national policy can help to cut housing costs. Government should provide an economic climate which promotes the continuity of housing production. This can be done through creating housing construction goals, carrying out the fiscal and monetary policies to achieve them, reducing the general level of interest rates, funding government programs at high levels and with continuity over time, shifting the impact of the Federal income tax as it affects housing to encourage new

construction, rehabilitation and maintenance, and to discourage the present practice of deductions for depreciation and maintenance when no maintenance is required and excessive depreciation is allowed; and by emphasizing housing to the same degree that economic growth and full employment have been emphasized in the past.

Costs could also be cut in the Federal programs by subsidizing in the most efficient and least costly methods, simplifying Federal programs and reducing the time for planning and construction.

We strongly urge prompt action on the Proxmire Amendment to the 1968 Housing Act--calling for large-scale housing experiments on Federal sites as a test of potential cost savings while adding to the housing inventory.

At the local level, central city housing authorities should be able to lease housing outside their immediate jurisdictions to house some proportion of the poor on less costly sites and in housing which costs less to build than in central city locations.

The proportion which the property tax plays in the overall tax burden should be reduced by a variety of means in order to reduce the tax impact on housing. We believe both the Federal Treasury and the states should explore methods of taxing land value increases so that some proportion of the increase due to population growth and public policies might be recaptured for public purposes.

Costs could be cut by the public purchase of land in advance of development and by leasing rather than selling land acquired by governmental bodies. The states could use their powers to aid in the

assembly of land. Removing zoning practices which prevent planned unit developments, and which restrict land supply and raise the cost of site improvements through excessive large-lot zoning, would help cut costs. More objective standards for site improvements and subdivision regulations could also reduce some excessive costs now required.

A major reform in the system of building codes would both permit new and less costly products and processes to be used and could provide uniformity of codes over metropolitan and state areas. The uniformity of codes is the most important step for it can bring greater specialization, mass production and the reduction of costs. We suggest a series of steps to bring this about.

One of the most important ways to cut housing costs is to combine large-scale production with the most modern existing products and techniques. While new breakthroughs may some day bring a revolutionary change in the method of building, modern techniques are now widely used. Vast numbers of housing products are factory produced. The fabrication of panels, electrical harnesses and plumbing trees are already done in the factory. Assembly line methods are used both in the factory and on the site by large builders. Entire houses are fabricated in the factory for delivery to the site. If the best methods in the existing state of the art can become more widely used through the removal of restrictions which prevent their more general application, numerous savings could be made.

Among the savings are the reduction in the hours of labor needed and the substitution of industrial for craft labor, in short,

fewer hours at lower hourly rates. This must be accompanied by large-scale continuing production both to cover the increased capital costs for the plant and machines, and to induce labor to cooperate through higher annual wages from more secure employment. Additional savings will come because work can thus be done independent of the weather. Costs can be cut through quantity purchases. Time savings should save on financing costs. Builders and professional fees, now paid on a percentage of costs, would be less as costs are reduced. Other savings such as the absence of extras, removal of delays due to material shortages, and reduction in vandalism and maintenance costs are possible.

Again let us emphasize that no savings should be overlooked. Because many cost items are calculated as a percentage or proportion of other costs, there is greater leverage in the housing field for cost savings than in most other fields.

The benefits of mass production can be achieved if a mass market can be provided through, among other things, the removal of building code and zoning roadblocks and the removal of restrictive building practices.

Other means of reducing costs can come from the use of new financing provisions found in the 1968 Housing Act, notably those which will attract and expand the flow of mortgage funds into the housing industry; from the reform and reduction of closing costs, to which we address ourselves in some detail; and the expansion of cooperative ownership, which would provide savings to those who take part which would otherwise be unavailable to them.

Builders' profits are usually based on gross costs, not on the funds actually invested

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All of these methods should be pursued. Large overall savings, or a smaller rise in costs than there would otherwise be in the face of a general price rise, can come from working on these and other individual items of costs in housing.

ESCALATION OF LAND PRICES ADDS AN EVER BIGGER INCREMENT IN THE PRICE OF HOUSING, AND FURTHER EXPLAINS THE SQUEEZE ON LOW-INCOME FAMILIES SEEKING DECENT HOUSING.

The first and by far the biggest cost booster of housing prices is the cost of building sites. Land acquisition and site preparation (streets, curb and gutter, storm drainage, and so forth) now run from 15 up to 32 percent of the price to the consumer of a finished dwelling unit, whether single or multifamily.

Raw land prices are soaring faster than any other component involved in homebuilding. Between 1956 and 1966, the market value of privately owned land in the United States approximately doubled. Careful estimates<sup>8</sup> for "ordinary taxable real estate" indicated a rise in land value from \$269 billion to approximately \$523 billion during that decade. The ten-year growth in land value amounted to more than \$5,000 per American family. This indicated an average annual rate of increase of 6.9 percent, or somewhat more than the 6 percent rate of increase in gross national product. During the same ten-year interval, wholesale commodity prices rose 1 percent annually, and the consumer price index 1.8 percent annually.

A large portion of this trend, of course, results directly from increased urbanization, involving the shift of some land from rural to urban use. Between 1956 and 1966, for example, the number of separately-valued parcels of "urban" property rose by a little over one-fourth, while the number of "acreage and farm" properties dropped off. The estimated value of urban land rose more than 130 percent, indicating an increase in average land value per urban parcel of about 83 percent, or

6.2 percent per year. Similar calculations for "acreage and farms" suggest an average annual rise in land value per property of about 5.6 percent. The greatest increases occurred where there were shifts from rural to urban uses.

Our studies have shown that in relation to market value, land tends to be assessed at a lower percentage than are buildings and improvements. Housing therefore bears a larger proportionate share of the local tax burden than does land. To assess both at market value would therefore not only be more just, but by diminishing the relative burden borne by improvements, should lead to a greater investment in them and would encourage more construction in housing and hence, some reduction in rents, below what they would otherwise be.

While urging a relative de-emphasis of the property tax, we would improve this bulwark of local finance by moving toward full value assessment, improving machinery for taxpayer appeals, public dissemination of data on assessment ratios, and strenuous efforts at uniform assessment.

ZONING WAS INTENDED TO CONTROL LAND DEVELOPMENT, BUT FISCAL CONSIDERATIONS  
OFTEN DISTORT IT, LEADING TO ECONOMIC AND RACIAL EXCLUSION

Zoning does not create land values. Population growth, community facilities and services, and the total community's commerce and industry create the values. Zoning determines whether landholders may reap these values, setting up certain goals, presumably in the public interest, which take precedence over the real estate market as the sole arbiter of land uses.

Zoning is a "police power" regulation, deriving from the power of each state to legislate for health, safety, morals, and the general welfare. Since its earliest use, zoning developed as a system which leaves property in private hands while regulating its use. It attempts to guard the larger public interest while maintaining the sanctity of private property. This is widely accepted by private interests, and is an approach to land-use control that government easily can afford.

In the 1920's, when zoning became prevalent, it adapted to the small-scale ownership and development typical of that era. Builders then were unable to build 1,000 houses at a clip; they often built one at a time or three or four. And the owner of a single small lot then, as now, is almost wholly dependent on his neighbors for his environment--a dependence which is increased by the American tradition of using yards, rather than walls, as the dividers between properties. The buyers and sellers of lots needed some device to prevent a drop in property values,

keep out unwanted intrusions, encourage investment in land and construction--in sum, to assure character. The fee simple land tenure, which gives owners a freedom of use that modern homeowners are frightened to have their neighbors possess, did not provide the needed protection. Zoning did.

Today, a basic problem results because of the delegation of the zoning power from the states to local governments of any size. This often results in a type of Balkanization which is intolerable in large urban areas where local government boundaries rarely reflect the true economic and social watersheds. The present indiscriminate distribution of zoning authority leads to incompatible uses along municipal borders, duplication of public facilities, attempted exclusion of regional facilities.

In short, the proliferation of zoning authorities in metropolitan areas can consign sound metropolitan planning to an often fruitless exercise. But this is only part of the story. The problems of local government are greatly magnified because each political subdivision within the fragmented metropolis, relying primarily on the local property tax and facing heavy financial burdens, tends to lean inordinately on this splintered zoning power to boost its tax base. This is known as "fiscal zoning," the use of zoning to achieve fiscal objectives rather than purely land-use objectives. Fiscal zoning seeks to exclude from a jurisdiction any proposed development that might create a net financial burden and to encourage development which promises a net financial gain. Fiscal zoners try to strike a balance so the tax revenue

which new development will contribute to local coffers will at least pay for the public services which that development will entail. The result of such practice is often serious economic and social dislocations.

The most serious effect of fiscal zoning is the spate of exclusionary practices relating to residential development. The aim, of course, is to keep out the lower-income groups, and especially large families which require significant public expenditures in education, public health and welfare, open space, recreational facilities, police and fire, and the like. Lower-income housing produces relatively low tax revenues so these expenditures add to the community's fiscal strain. The effect, under present financing methods, is either a reduced level of public services for all segments of the community or a higher tax bill. Given such a choice, present residents of the community are usually loath to accept additional tax burdens. Looking at the matter in pocketbook terms, they support fiscal zoning. Usually nobody bothers to ask where the families who are being excluded should live.

Fiscal zoning also violates a basic administrative principle: that authority be equated with responsibility. In zoning, and the relationship between the Federal Government and local communities, there is no equating of authority and responsibility.

Most communities want all cream and no skim milk. They want the best, not only in physical structures and facilities, but also in the economic levels of people who will become their future citizens. They are willing to accept some industry for their tax base, but it has to

be the cream--the research type--and not heavy industry. Each community engages in "one-up-manship," attempting to outdo its neighboring communities. In the communities' race for the cream, they give little thought to a balanced community--to providing shelter for all economic levels that may wish to live in the community, for those who will teach in their schools, clerk in their supermarkets, and work in their industrial plants.

The community rigs its Master Plan and accompanying zoning ordinance, making sure that it is almost impossible for low- and moderate-income families to move into the community by requiring large lots and reduced density, by prohibiting multifamily apartments, and by other excessive standards that price out poorer people.

The Federal Government has assumed some responsibility for providing decent, safe and sanitary shelter, but presently it exercises little authority in this matter in local communities. As if this were not bad enough, Federal programs often reward suburban communities which are "zoning out" the moderate-income buyer. The suburban communities, for instance, receive planning money to assist them in drawing up discriminatory general plans to do the job.

In some communities, there is a very real problem of corruption in zoning decisions. A property owner who could build a shopping center or a high-rise apartment suddenly discovers that his property is worth many times as much as the property owner who is relegated to low-density development. The values at stake are enormous, so it is not surprising, therefore,

that the zoning system is subject to enormous pressures by landowners and developers and that outright corruption is more than simply an occasional exception. Newspaper exposes of this sort of corruption are dramatic testimony to many less dramatic and less well-understood effects of the relation of the control process to private market forces. Pressures for the more lucrative forms of development are always present.

One of the country's foremost legal experts on zoning<sup>9</sup> notes that zoning is caught between two objectives, protection of the family home which requires positive government action and protection of the free market which requires government refusal to take action. He questions the narrow court view of zoning as fitting into real estate law when, through subtle forms of discrimination, for instance, zoning affects people and the nature of society, not just land. In short, although the basic justification for zoning is to protect the overall public good, this often appears to be the last consideration as zoning is now practiced.

ORDERLY URBAN GROWTH CAN BE THE RESULT OF A POLITICAL COMMITMENT ON  
LAND-USE DECISIONS, WHO MAKES THEM AND HOW THEY ARE MADE, PLUS THE WILL  
TO SPEND MONEY ON CITIES.

Our crisis in urban growth springs from using 19th Century controls and attitudes in an attempt to mold and contain 20th Century cities faced with 21st Century problems.

Over the next thirty years about 18 million acres of land will come into urban use for the first time, and in present urban areas the processes of rebuilding and rehabilitation will continue. Just as land-use decisions made many years ago have affected the quality of today's urban environment, so decisions which we make today and tomorrow will shape the quality of urban life for future generations. We cannot delay many of the most important decisions until those who will be most affected by them can make their own choices. A reluctance to deal positively with the control of land development and redevelopment will not prevent development. Rather, it will allow it to take place in an undirected and haphazard fashion. That reluctance will represent just as much a choice about our future urban environment as careful, positive action.

We recognize that people and localities differ, that immutable principles about optimal urban form and character are largely illusory, and that variety and experimentation are important precepts of our Federal system. For these reasons many of the Commission's proposals on land-use control are concerned with encouraging the creation of a governmental framework in which the legitimate choices of people can be formulated into public policy which, in turn, can then be translated into reality.

Land-use policies and practices are not limited in their effects to the quality of the physical environment, but have major social and economic implications as well. So we have tried to understand the total impact of present practices and to formulate recommendations within a broader scope of restoring fiscal and economic health to our cities and strengthening the currently fragile social fabric of our great metropolitan areas.

We propose state legislative action to improve local governmental framework for development control and to confine the exercise of such control to counties, regional governments (where they exist) and large municipalities. States should be required to undertake comprehensive studies of allocation of local government responsibilities for land-use controls if those states are to qualify for certain Federal planning grants.

We further call for the establishment of a framework for controlling urban development through establishment of a Council of Development Standards.

To point up the problem let us reiterate the estimate that over the next thirty years 18 million acres of land will come into urban use for the first time. This is about the size of all the urbanized land within the SMSA's right now. Between now and the year 2000, nearly all metropolitan area population growth, some 80 million people, will occur in the suburbs, which will use that next 18 million acres. We have come this far in our urban civilization in a haphazard way and the results surround us. We cannot afford to let our future urban growth occur the same way.

Implicit in our recommendations is a concern over the clutter and ugliness in our present urban environment. We are encouraged by the public support of efforts to remove or hide junkyards, to restrict highway billboards, and to plant more trees and flowers. It is imperative to deal not only with

surface ugliness, but to incorporate esthetics as an essential element of all urban development. We see the results of unplanned growth in our metropolitan areas -- congestion, unsightliness, blight, and unending ribbons of traffic. Both the courts and the legislatures need to support the people who are trying to halt the defacement of our cities and our land.

The sort of environment we should plan and build is an environment with all the aspects of community and all the aspects of adequate housing. That will cost money and take careful planning and good design, not standardized design, but design to please the eye and the heart with a sense of variety.

The American people have a clear responsibility: They are both the consumers and the trustees of an environment. Only they can say whether we will have beautiful metropolitan areas or ugly ones. Beautiful cities of the past were beautiful because the trustees of these old environments -- a few powerful princes and prelates -- so ordered them. Today in a democracy, the men in the street have the power and responsibility for deciding what their environment will be like; they will only underwrite a good one if they know what has brought them our ugly one.

The Commission's recommendations in land use are extensive. We urge that land-use authority be in the hands of larger units of government. We call for giving the housing consumer a greater variety in the choice of location of his residence, with special attention to the convenience of housing to employment opportunities. We propose that planning and design of new neighborhoods be pursued in a unified manner and in a comprehensive way, but within the framework of large-scale development, we support maximum opportunity for participation by small businessmen. Holding zones and land banking to control

the timing and nature of development, authorization of planned unit developments in built-up areas as well as in new subdivisions, and compensative regulations are among the broader types of control that we believe will help replace haphazard growth with communities that better serve those who live and work in them.

BUILDING CODE JURISDICTIONS ARE THOUSANDS OF LITTLE KINGDOMS, EACH  
HAVING ITS OWN WAY: WHAT GOES IN ONE TOWN WON'T GO IN ANOTHER--AND  
FOR NO GOOD REASON.

A building code is a series of standards and specifications designed to protect people both in and outside of buildings from fire and hazards, and to protect the health and safety of the public in general. Building codes are formulated and enforced through the police powers of state government, ordinarily delegated to and exercised by local governments, usually municipalities.

The main complaints against building codes are that unneeded or conflicting provisions and restrictions in locally adopted codes add significantly to the cost of housing, delay construction, prevent the use of the most up-to-date and modern materials, and inhibit creative design. It is further claimed that the provisions in codes are antiquated and outdated, and that the procedures for modernizing and amending them are slow, laborious and lacking in objective standards.

The facts uncovered by exhaustive inquiries of this Commission at local, state and national levels, and the problems faced by producers, builders and professional people in the building industry, show unmistakably that alarms sounded over the past years about the building code situation have been justified. They showed that, while the national model codes were reasonably up-to-date, the lack of uniformity and modernization at the local level was serious. This situation calls for a drastic overhaul, both technically and among various levels of government.

How much building codes add to the cost of each housing unit depends on many factors and varies from one locality to another. The two main aspects that raise costs are restrictions against certain products or building methods, and lack of uniformity. It appears that modest savings would result from lowering the excessive bars against new technology--the new products or materials, and the new ways of putting them together. But overcoming the lack of uniformity should open the way to a high potential for cost savings, largely because it would permit builders within metropolitan areas to substitute many more mass production techniques where they are now forced, by code variations, to put up essentially the same house in many different forms.

The country now has four model national building codes, any one of which any community in the country is free to adopt. It has been argued that if counties, metropolitan areas and regions would simply adopt one or another of these codes by reference (no changes allowed), then there would be few code problems.

The trouble is that hardly any community or region does just that because there is always some powerful group in town which manages to get the code amended, in their favor, whether they are pushing a particular material, technique or system.

The Commission's survey of building codes<sup>10</sup> covered 17,993 units of local government. Only 46.3 percent, or just under half, had a building code. Almost 54 percent had no code at all. Of the 7,609 units of government within SMSA's, 59.2 percent or 4,505 units of government had a building code. Over 40 percent did not.

Of the 10,384 units outside SMSA's, only 36.8 percent or 3,817 units had a building code.

Based on our survey, only about 15 percent of all the municipalities and townships above 5,000 in population in the U.S. had in effect a national model building code which was reasonably up-to-date.

Eighty-five percent of the units either (1) had no code, (2) did not use a model code, or (3) had failed to keep the code up-to-date. This certainly confirms the complaints of builders and architects about the lack of uniformity, the absence of clear standards, and the proliferation of provisions.

The survey also bore out the constant complaints heard by this Commission that many local codes bore little relationship to the model construction codes on which they were said to be based.

The Commission survey chose fourteen specific products or practices where complaints about costs, prevention of preassembly, or excessive requirements are commonly heard. Most of the practices or products involved in complaints are allowed by the national model codes or their plumbing code counterparts. But quite different results were found locally:

Of those governments which had a building code, 66 percent of them prohibited the use of plastic pipe in drainage systems, 44.5 percent of them prohibited preassembled plumbing packages, and half (49.6 percent) of them prohibited two-by-four studs every 24 inches on non-load-bearing interior partitions, still requiring them to be only 16 inches apart. The last-mentioned item requires 50 percent more studs every four feet of continuous wall. Further, 36 percent

of the local codes prohibit two-by-three studs in nonload-bearing walls, requiring the more costly two-by-four studs.

Large-scale construction of housing can be developed adequately only when we get uniformity of codes within metropolitan areas and when excessive restrictions are swept away. We recommend that this be done through the adoption of regional, metropolitan and state model codes. Otherwise, we believe the country will be forced to use the power of the national government to compel compliance.

MANY PLACES HAVE NO HOUSING CODES. THOSE THAT DO OFTEN DO NOT ENFORCE THEM PROPERLY. WE NEED A NEW GENERATION OF HOUSING CODES EMBRACING HIGHER STANDARDS AND TIED IN WITH ENVIRONMENTAL STANDARDS.

Hundreds of thousands of people live in jurisdictions which do not have a housing code which establishes minimum standards of health, safety and welfare in all existing housing. Where they do exist, the main difficulty in enforcing existing standards is the lack of enough decent housing and relocation housing so that the tenants are not merely thrown out in the street. Combined with a large increase in the supply of housing, as the Commission proposes, the extension of the coverage of housing codes throughout the nation could bring a quantum jump in the quality of our present housing inventory.

This can be encouraged with various incentives to localities to adopt codes and by enacting state codes that will apply where no local code exists.

Obviously, it does not help to have a housing code on the books if it is not enforced. In many places there are too few employees to inspect and administer the codes. In others, lack of experience, threats from influential landlords, or timidity on the part of city fathers prevent proper and humane enforcement.

We found upon inspection of numerous model codes, state codes and city codes that the standards set for dwelling and sleeping space, for example, were surprisingly low. Dwellings pass housing code inspections which most middle-class Americans would say are unfit to live in. Code standards should be brought up to a minimum level of health, safety and welfare. This level would be higher than is commonly found in codes today.

To carry this out properly requires, first of all, that there be an increase in the total housing inventory. This is one reason we recommend building from two million to 2.25 million new housing units a year.

Second, we must provide an abundance of housing for poor people, including interim and relocation housing. Mobile homes can be very helpful. Also, a careful scheduling of inspections can balance the need for relocation housing with the supply.

Third, adequate funds must be provided through loans and grants so that compliance repairs by both homeowners and landlords can be made without resulting in undue burdens on those who can least afford them.

The initial effort should be to improve the nation's worst housing. But if we succeed in enacting and enforcing codes which set current minimum standards, we will still be short of the goal of the 1949 Act of a "decent home for every American." We must look to the future and begin to set higher standards for a "decent" home which can be incorporated into our housing codes over the next decade.

And we should not think so narrowly that, when we agree on a standard of decency, we become satisfied with a decent home in an unsuitable environment. We now have no standards for a suitable living environment--no codes which say how much open space there should be, what parks and playgrounds are necessary, the maximum levels of noise, air pollution or odors which can be tolerated, or whether factories, freeways, lack of police protection, or potholes in the pavement make the neighborhood undesirable. An "environmental code," with standards for these matters vitally affecting how people live, should be tied in with

all efforts to upgrade our cities and our housing, helping housing codes play their full role, which is a major one.

TO FREE THE BUILDING INDUSTRY, PRODUCT MANUFACTURERS, PLANNERS, AND  
THE PUBLIC FROM A HOPELESS MAZE OF RESTRICTIONS, WE MUST DEVELOP A  
NEW SYSTEM FOR CODES AND STANDARDS.

What we have seen in our separate studies of building codes, housing codes, subdivision regulations, zoning ordinances, and development standards, is a myriad of standards, many of them conflicting, often based on no objective data, a number of them excessively restrictive, some of them embodied in no formal code, and many the result of the whim of an inspector, mortgage company or self-serving group.

In a number of areas, especially relating to the neighborhood or community environment, there are often no objective standards at all. Such is usually the case for standards for noise, open space, school requirements, and recreation and park facilities.

In others, the standards seem unusually low, such as housing code requirements for dwelling and sleeping space.

In vast geographical areas of the country, there are no codes or standards which apply at all.

The main question is: How can order be brought out of this chaos? The Commission recommends a number of steps which should be taken.

First, we believe that some highly regarded institution, non-governmental in nature, should provide an umbrella under which research and testing of new products and building methods can take place. Represented in this work should be government agencies, private companies, educational institutions, trade associations, private laboratories, and professional and scientific bodies.

This is needed to provide some objective basis either for keeping or changing existing standards. It is needed to develop new standards in those areas where none now exists. Further, it is needed to create a better climate for new products and techniques.

We believe that the National Academy of Science-National Academy of Engineering is the institution which could oversee these functions.

We further recommend that a Council of Development Standards should be established by the Academies, and that two Institutes under it be established for the purpose of coordinating or bringing together research and testing in the building and environmental fields. We advocate a National Institute of Building Sciences to coordinate the work of public and private institutions in the areas of building products, structures and codes. We believe a companion institution, a National Institute of Environmental Sciences, should perform the same type work in the area of housing occupancy, environment and community standards.

This structure would bring a series of objective standards which could then be incorporated into the various model building codes, housing codes, subdivision regulations, zoning ordinances, and neighborhood environmental codes. These should apply uniformly at the local, regional and state levels. Where no code now exists, where a code is restrictive, where standard products and practices are prohibited, where either below minimum standards exist or where excessive requirements are made, and where codes and standards conflict, then the builder or architect or community should be guided by the standards developed under the auspices of the institutions we have suggested.

Since the power to apply and enforce these standards are state police powers, the states by adopting the standards developed by the procedures we suggest, or an improved framework which could be worked out, could provide for uniform and objective treatment throughout their jurisdiction. The Federal Government could also help enforce them by providing incentives to localities to adopt them.

In addition, we envisage that these standards could be codified and made available to builders, developers, city officials, and private groups, through a single Development Standards Code. It should embody not only those standards found in the traditional codes as they are developed and upgraded through the new institutions we suggest, but also those practices by professional and other groups which are, in effect, standards or requirements for building, occupancy and development.

A major objective would be to bring existing standards together. In addition, the Council for Development Standards and its functioning Environmental and Building Institutes should both push the development of new standards where none now exist or are outdated, and rationalize those existing standards which are in conflict with one another.

NO BROAD ATTACK ON HOUSING PROBLEMS CAN IGNORE THE STICKY, MYTH-RIDDEN  
ISSUE OF RESTRICTIVE PRACTICES. NEEDED: MORE LABOR EFFICIENCY COUPLED  
WITH JOB SECURITY.

Labor costs in the building trades are rising as fast or faster than in other industries. Some hourly wage rates for construction workers cause horrors among the watchers of a balanced economy. Yet these high wages are offset by loss of work between jobs and especially during bad weather conditions. Instead of the normal 2,000 hours of work per year in other industries, the average building tradesman works between 1,400 and 1,600 hours. As a national average, construction workers received lower annual wages than workers in other manufacturing industries in 1967.

Restrictive building practices are not easily separated from the special insecurity facing the construction worker. Not only the workers, but the entrepreneurs and manufacturers in the competitive homebuilding field enjoy less security than is common in other industries. Restrictive practices, typically considered simply as union or labor matters, often result from pressures by contractors and producers. Construction work may be extremely hazardous, and only persons intimately familiar with actual working conditions are qualified to separate legitimate safety rules from excessive, cost-padding restrictions.

Restrictive practices do exist. They are frequently exaggerated and misconstrued by viewing them out of context of the peculiar problems of the industry. But some labor officials themselves told the Commission that restrictive practices are a problem.

Some of the most serious restrictive practices are these:

(1) on-site rules requiring work to be done on the premises, prohibiting or limiting the use of prefabricated products; (2) restrictions against the use of certain tools or devices; and (3) requirements for excessive manpower, including irrational limits on the kind of work certain workers may perform.

We do not quibble about how much restrictive practices add to the cost of housing. The Commission finds no single magical way to reduce the cost of housing. Therefore, whether it is pennies or dollars or thousands of dollars per unit, every potential way to achieve savings must be pursued with vigor. That is the only way decent housing can be brought within the price reach of millions of working Americans. And for the remaining people who still cannot afford housing, cost savings will mean that much less subsidy required by government to bridge the gap.

On-site wages are a big factor in housing, accounting for 20 to 30 percent of the price of a single-family house in most areas. Significantly, this variation of 10 percentage points is linked to management efficiency rather than to union versus nonunion scale. Also, the average current portion of housing costs attributable to wages, about 23 percent, is a sharp drop from the 33 percent figure of 20 years ago. In the same period, studies show that allowances for overhead and profit more than doubled.

The most widely recognized and most urgent restrictive practice is not a cost factor--it is discrimination. Until recently, minority groups were kept out of many building trades. That pattern is beginning to change. Determined efforts to change the old pattern, which used to keep out many whites who did not have relatives in the trade as well as virtually all Negroes, although made very slowly, are finally showing signs of success.

Getting the unions to open the bars is only part of the struggle. Persuading Negroes to enter where they had not previously been welcome is not always easy. Many thorny problems of pre-training and apprenticeship also must be overcome.

Surprisingly, the big problem in the building trades could quickly shift to genuine trouble over getting enough qualified workers. In spite of the high hourly wages, young people are not drawn to them. Among high school students, few young men want to be carpenters. Or among most groups of parents in any metropolitan area, hardly any want their children to become carpenters.

So labor shortages loom on the horizon at the time the government, this Commission, and many others are calling for a vast acceleration of new housing construction.

Challenging as this is, we think it offers an opportunity for dealing with restrictive building practices. Many onerous practices are almost insoluble in the framework of widely fluctuating employment and construction patterns. But a greatly expanded construction industry should offer opportunities to stabilize employment and to reduce the threat of seasonal unemployment. This means the use of more mass

production techniques, which should simplify apprentice work to the extent more repetitive and routine assignments can be used. It should mean more indoor work, protecting workers from the rain and snow that often mean no pay. It should mean more opportunity for the trade unions to extend their membership into the prefabricating fields so that, as is already true in some unions, restrictive practices are thrown out because they begin to hurt fellow union members. Just enlarging the construction industry will not bring these things about automatically. But all those in government and private construction can use accelerated building programs as leverage to offer much more job security in exchange for abandonment of inefficient work practices.

The Federal government, through its extensive contracting for housing and other construction, can exert considerable leverage to minimize the valleys of unemployment and peaks of labor shortages in the building trades. The Commission particularly recommends, as an appropriate measure in this direction, that the Congress authorize programs for a minimum of three years and in the case of public housing up to ten years with the understanding that the local agencies will use their long-term scheduling to help stabilize building activities in their areas.

Labor is often described as blocking the path of new technology. Many instances can be cited. But labor has also accepted many modern building techniques. In the innovative or experimental fields, the Commission has found some instances where labor was an

active partner. If workers are brought into the planning at an early stage, there is every reason to expect they will not be obstructive, but will cooperate, working out jurisdictional problems and other matters before these lead to work stoppages or conflicts. To find ways to do this better and more often should be the path of the future.

To cut costs and to prevent capricious interruptions of production, the Commission also strongly recommends that the project agreements for public and publicly subsidized housing be negotiated between the unions, the contractors, and the government, both national and local. These have proved successful in the TVA and the atomic energy and space efforts. These agreements should seek to guarantee a greater volume of employment and in return remove some of the obstacles to increased production and reduced costs. They should provide for an increased opportunity for minority groups to share in the provision of employment and the opportunity to acquire skills. The settling of jurisdictional disputes should also be carried out by the appropriate board within the building industry.

The Commission does not urge punitive legislative action or government compulsion to gain the abandonment of restrictive building practices. But we do urge trade union leaders and builders to cooperate to promote efficiency, by way of project agreements, for example. We do think that government can help in many constructive ways. We warn that if restrictive practices in the industry are not reduced, the people may well be forced to take stronger action.

COST-BENEFIT RATIOS OF THE PROGRAMS WE SUGGEST ARE MERE BICKERING IN  
LIGHT OF OUR NEED FOR A REAL POLITICAL COMMITMENT TO SOLVE OUR PROBLEMS

Within a matter of hours after the publication of this report, the Commission's members -- businessmen, builders, architects, lawyers, educators, and public officials -- are likely to stand accused of asking for a program that costs more money. If so, we plead guilty. But the "defense" has one question to put to the "prosecution." Can we afford not to undertake these programs?

What will be the consequences if we permit present trends and policies to continue? One indirect answer is to count the costs we are paying now for the present state of affairs. A riot, for instance, may be accepted as a symptom of a problem, whether celebrated in a ghetto or around the administrative buildings of a university. In the two weeks following the death of the Rev. Martin Luther King, the Nation sustained many millions of dollars worth of insured property damage alone, not including the lost taxes on the burned and looted property. Nor does this include the loss in future sales because of fearful shoppers, in tourist revenue, in increased crime and arson, higher costs of police and fire protection, jobs lost, and most importantly, in lives lost.

A riot is only the top end of the mercury, as it climbs past the fever line. The disease may be systemic, or it may be only a one-day inflammation. No one, however, is betting on the latter.

The very idea of measuring the economic benefit of some programs against others, in the intangible area of "human investment," tends to stump those who try it. What does it cost and what are the benefits if society provides a college education for the brightest high school graduates? Taking one program at a time, if opportunities are opened up, convincing studies can show the economic payoff of a good education, on-the-job training, or vocational rehabilitation in terms of lifetime income, and the taxes paid over the working life of adults who have or who lack various types of education. This is generally true, but it is true for minority groups only when they can use their new skills.

What cannot be costed out are the myriad returns in dollars and cents as well as intangibles to a city that is relatively free of slums, that does not wall up its minority citizens in a ghetto, that has the economic health to be able to respond to the needs of its residents. We have to approach it from the other side, and count the cost of present inaction. The President's Crime Commission studies indicated that in one year, 1965, \$300 million worth of property was destroyed by arson and vandalism; that "index crimes" (robbery, burglary, larceny, and auto theft) reached double that, and that the cost of public law enforcement (including punishment) added \$4.2 billion. The highest cost of all, that for "illegal goods and services" -- all typical of the ghetto -- narcotics, loansharking, prostitution, alcohol, and gambling: a whopping \$8.1 billion in 1965 alone.

A growing chorus of responsible, informed voices urges a change in policy. The programs this Commission advocates are not all-inclusive but are necessary companions to others, forming part of a web of actions to speed change in our urban areas.

However, the simple truth is that the Congress, the Administration, state and local governments, and the general public have not yet had a sufficiently combined commitment to improve our cities. HUD appropriations for housing and community development in 1969 will not reach \$3 billion, but money for defense and space will top \$79 billion. Congress has no trouble authorizing \$2 billion for an airplane that cannot land on any public airfield in the U.S., but recently the House chopped out 30 percent of HUD's meager programs, killed rent-supplement appropriations for the year, and came within 20 votes of wiping out the Model Cities program. The House Appropriations Committee this year cut the money allocated for Model Cities and funds to provide essential social services in public housing. The point is that we now have the legislation and the programs to do the job. It is now a question of commitment.

A lot of the rules of our society will have to be changed before anything meaningful can be done to make right the wrongs of our most disadvantaged and helpless citizens. We should do this in the name of justice. We should also do it in our own self interest. Over time welfare costs could be cut, police protection diminished, and productive lives prolonged. Housing for low income families in the suburbs might also attract industry needing unskilled and semi-skilled labor and hence increase the tax base and the economic well being of the community. There are economic advantages in doing what is just.

But little will change without a political commitment from the larger society. It will not be enough simply to preach to the larger society that "perhaps the measure of a free, democratic society is the condition of life of its most abject citizens."

PERHAPS THE CHARACTERISTIC PHENOMENON OF AMERICAN POLITICS IN THE 1960'S  
WILL SOMEDAY BE SEEN AS THE EMERGENCE OF THE CITY AS A POLITICAL ISSUE.

To be sure, government has long addressed itself to the separate components of the urban experience--unemployment, deteriorating housing, segregation, crime, disease--but only in this decade have we developed a sense of the effect of all of these forces working together in the modern metropolis.

This Commission does not believe that the nation must choose either the policy of "gilding the ghetto" or "dispersing the ghetto." We are now doing neither. The nation must do both. We must build decent housing in the slums, and we must provide freedom of residence for all Americans.

We advocate policies which not only promote freedom of residence but programs which would build low-rent housing in the suburbs as well as in the cities, provide sites in outlying areas, give states incentives to act where localities do not, lease houses for the poor in middle class neighborhoods, and tie a locality's eligibility for federal grants such as for highways, sewers and water to that community's effort to house its share of the poor.

We also advocate a massive attack on substandard and overcrowded housing conditions which are concentrated in the core city among the poor and especially among the Negro poor. When we speak of housing conditions we also mean providing adequate city services, housing code programs, relocation payments, neighborhood improvements, recreation and open space, and good urban design, so that both a decent home and a suitable living environment are provided.

We view a larger governmental role as an absolute necessity in providing low-income housing.

Federal, state and local governments share responsibility for urban problems. There is no question that cities must continue to rely on the Federal government to carry a large part of the burden by providing the subsidies. The present fiscal resources of the city do not permit the scale of funding required to bring decent housing within reach of those at the bottom of the economic ladder.

The Federal government also may have to play a more direct role. This may be particularly true when conflicting demands on local officials block effective action. Though city governments have considerable legal powers, city officials have limited political power and less money to deal with all the conflicts which are inherent in the rising expectations of the urban poor. Then, too, the politically potent objections to public housing, to rezoning for multifamily housing and to opening up previously all-white areas to Negroes have also constituted serious impediments to a rational and successful exercise of city powers. Metropolitan and state powers should be brought into play to the fullest possible extent. And at the federal level there will be required more insight and determination than has been manifest in past years.

Meanwhile, there has been a growing cry for "community participation." Many communities within a city desire somehow to have self-determination and become the executors of their own policies in housing and other matters. The Model Cities program incorporates some of this philosophy, but it does not go as far as the supporters of advocacy planning and total community control believe, namely that only the residents of a particular area can know what best serves their interests. They believe

that any attempt on the part of the city, let alone the state or Federal government, to impose new housing is per se arbitrary and undemocratic. Compliance with these demands may satisfy the prevailing or most vocal political sentiments of the moment. But it is not necessarily the most rational or effective or efficient way to create housing. For too long it has been forgotten that neighborhoods deserve a strong voice in public programs affecting them. But a distinction needs to be made between the right to be heard and the right to obstruct. The final power should be through elected officials, which gives the public the ultimate control via the ballot box. Not every community is in the best position to evaluate its needs in relation to the entire urban area. And that goes for suburban communities as well as for sections of the inner city.

Direct Federal intervention also raises serious policy questions. There is the risk of a uniformity and standardization that might result from a single Federal agency contracting for housing in many parts of the country. The size of the bureaucratic structure that could develop might stifle new developments, new techniques and local variations. Above all, it might curb local initiative and the proper exercise of community prerogatives. That is why we place such emphasis on local, regional, and state action to get the job done.

So, if our cities are to continue to play the decisive role in the formulation and development of their own housing supply, they will have to evolve new mechanisms for dealing with the disparity of local interests and they will have to incur the political risks of choosing between competing demands. Proper planning decisions can probably only be made on an area-wide basis, yet if they are done arbitrarily without any participation and consultation of the local community, they will not meet the public acceptance needed to carry them out.

There are no simple mechanisms, and it is inevitable that we will continue to search for the right blend of Federal, city and local participation. A giant step was taken in that direction with the passage of the Housing Act of 1968, a landmark in housing legislation. President Johnson called it a "Magna Carta to liberate our cities."

The new act properly emphasizes housing for low-income people. It calls for action comparable to the need. How the mandates of that legislation are followed, of course, remains to be seen. But the nation would be well on the right track if it followed the directives set forth. It has a great potential and does credit to those in the Administration and Congress who framed it.

TO DO SOMETHING ABOUT THE URBAN CRISIS, AS POLITICAL COMMITMENT GROWS,  
WE CAN START GETTING THE RULES CHANGED: REVENUE SHARING, PROPERTY TAX  
MODERNIZATION, FEDERAL INCOME TAX REVISION. TAX INCENTIVES NOT AN  
EFFICIENT MEANS TO SOLVE SLUM PROBLEMS.

Under present practices of taxation and financing, even with a subsidized interest rate and long-term mortgages, private enterprise cannot supply the low-income housing required in the inner city. Only public housing in some form can meet the needs of the families earning under \$4,000 a year. For the localities themselves to underwrite the cost of land assembly, removal of buildings and loss of property tax payments would bankrupt almost any city. Only a massive addition of public funds can meet the situation.

The money for this will have to be drawn from the increase in tax receipts coming from the gains in national productivity, a more humane reordering of public expenditures, and reforms in our system of taxation. Our willingness and ability to take these steps will be a test of the values of the men and women who comprise our society.

But many will ask why we should subsidize on such a massive scale? The question is largely based on an uninformed notion of how our economy grew. American enterprise has been fueled again and again with subsidies, starting with land grants from the 17th to the 19th Century. We often subsidize the richest people in the country: There are more than thirty families in the U.S. who have annual incomes over \$500,000 and who pay no taxes. Perhaps more relevant to the housing problem, about three and one half times as much in housing subsidies goes to those with middle incomes or more through income tax deductions than the amount of the subsidies which go to the poor for housing.

In a recent year, the upper twenty percent of income groups got twice as much in housing subsidies as did the lower twenty percent.

Many businesses benefit from one or a number of subsidies, hidden or open: Air travel, automotive, agriculture, communications, the oil business, research and aerospace industries, and just about anything else you can name. Each year in the United States, the Government finances reclamation for agriculture to the tune of millions a year on long-term loans at a zero rate of interest. Middle- and high-income homeowners also enjoy federal subsidies.

We do not necessarily favor all of these subsidies, but they do show that vast quantities of economic aid have gone to powerful groups. Based on Lincoln's principle that government should do what private citizens cannot do or cannot do as well themselves, and on the principle that aid should go to those who need it most, the strongest case can be made for helping those at the bottom of the economic ladder.

Part of the costs of additional necessary and urgent federal assistance to the cities may have to come from reductions in other domestic programs carried on by the National Government. About 54 percent of all local government expenses go toward education and welfare. Many education and welfare costs are dumped on cities by the immigration from small towns and rural areas. If the needs are not created locally, even less are the benefits local: in our mobile society, everybody everywhere benefits by a school system that turns out well-trained citizens, and by a welfare

system that minimizes human suffering. Putting more of the burden of education and welfare costs on the Federal Government could be worked out equitably and would be one way of leaving local governments enough revenue to meet their other pressing needs.

But new urban-oriented programs do not necessarily mean less funding for other worthwhile domestic programs. The growth of the economy produces a greater than commensurate increase in Federal revenues. From June 30, 1967 to June 30, 1968, the Gross National Product is estimated to have increased by \$60 billion and Federal revenues by \$11.5 billion. Of course, a considerable proportion of the resulting increase in Federal revenues must go for increased costs of servicing an expanding economy and population. However, a significant proportion of the annual increase in Federal revenues should be available to help pay for urban development programs in general.

To this end, the Commission recommends that Congress adopt a system for regular revenue-sharing with state governments and major cities and urban counties. The revenue-sharing system should be on a simple formula basis that (1) reserves to a Federal trust fund a sum for annual allocation consisting of a legally authorized percentage of the total net taxable income reported under the Federal individual income tax; (2) provides an allocation to each state area based primarily upon population, but with an adjustment for relative total state-local tax effort in relation to resources and additional crediting for state

revenue from taxation of individual income; and (3) provides for a portion of the allocation for individual state areas to be paid directly to the cities according to their respective shares of all state and local tax revenue in the particular state. The system should leave a high degree of discretion with the recipient governments as to the use of the distributed funds.

It seems reasonable to expect that the proposed "new" revenue source would promote some shift in the over-all composition of the base for domestic government financing. The increased use of Federal income taxation would permit either improvement and expansion of state-local services, or less increase than would otherwise occur in state and local taxes, or -- most likely -- some of both. The Federal tax system, with all its faults, is more progressive and equitable than the systems currently used by the state and local governments, so such a shift clearly would be in the public interest.

We strongly favor an increased reliance upon major multipurpose governments in large urban areas. For various reasons, however, some existing Federal and state grant programs do involve an effective bias against large cities and urban counties. We are proposing a comprehensive effort to identify and eliminate such conditions for grants which put multipurpose governments at a relative disadvantage.

While a shift of more Federal funding would be worthwhile, local taxation most likely will have to continue to rise, even if at a relatively slower pace. So it becomes increasingly important to perfect the property tax which remains the fiscal bulwark of local government.

We also favor a revision of the income-tax rules which in the case of the older buildings would permit major repairs to be treated as an operating expense rather than penalized as an addition to capital value. To the extent that the income tax provisions discourage maintenance of old existing housing, the goal of better cities requires that these rules be changed.

While the Commission strongly urges the removal of income tax features which now tend to discourage the owners of rental properties from conserving and improving their investments, we do not advocate federal tax incentives to solve slum problems. Our studies indicate that such an approach would be inefficient and ineffective. It is frequently forgotten that tax incentives may cause a drain on the Treasury as great or greater than direct subsidies. The main fiscal reform job is to make certain the tax system poses no pocketbook obstacles to socially desirable behavior. But to accomplish further goals, beyond what the private market system produces, direct subsidy programs tend to be superior to the tax incentive route for pinpointing benefits and assuring alert supervision by governmental bodies.

COMMISSION BELIEVES IN A LARGER ROLE FOR THE CITIES. WE MUST IMPROVE  
LOCAL GOVERNMENTS AND THEN GIVE THEM MORE AUTHORITY AND MORE MONEY.

The Commission believes in a much larger role for the cities and proposes numerous ways by which they can improve their structures and exercise their authority in more efficient ways.

So that cities may have more money, we propose a federal revenue sharing plan in which funds would go not only to the states but also directly to cities of 50,000 or more people. And they could benefit from this system in proportion to their own local tax effort.

The further improvement of the local revenue system is the aim of additional proposals: more user charges where appropriate; collection of school taxes on a county or multi-county basis to smooth out big-city inequities; modernization of the property tax; and arrangements for inter-state metropolitan areas to "piggyback" on the federal income tax where the localities so desire.

To help cities do a better job of housing the poor, we propose that the federal programs they rely upon should be simplified and speeded up. We urge the long-term funding of these federal programs--from a minimum of three years and up to 10 years--so the money spigot will not be turned on and off unpredictably. We want communities that turn in a consistently good record on federal programs to be rewarded by an easing up of restrictions or red tape. To preserve and improve existing housing inventories, we urge that housing codes, now often limited to gray areas, be expanded city-wide to include slums and more affluent neighborhoods. We also propose that cities make use of better, faster, and more humane code enforcement methods.

To further help cities with their problems, we urge that cities be given authority to lease housing for low-income families throughout the entire metropolitan area, especially in suburban areas that have job opportunities for blue collar workers. We would also shield the right of local officials to act on these difficult matters by urging that public housing and urban renewal approvals not be subject to state or local referenda.

To assure more orderly development, we propose protection for the central city resident against excessive variances, rezonings and tolerance of nonconforming uses. For the protection of citizens in the outlying areas, and to help prevent wasteful, hodge-podge growth in areas moving from rural to urban uses, we offer a variety of local planning and land assembly tools. And we urge that very small jurisdictions be prevented from disrupting sound area-wide plans by giving broader surveillance and veto powers to governmental units with a larger perspective.

We urge leaving to the cities as much authority as they can competently handle. But we urge consolidation of the hundreds of tiny jurisdictions and special districts into larger and more efficient bodies. As this is done, even more authority can be exercised locally. Housing the poor and removing segregation are of such supreme national importance that states and the federal government must set guidelines for minimum performance. But competent city governments should have the added tools and money to carry out the programs and to make the day to day decisions.

THE STATES ARE CLOSE ENOUGH TO THE PEOPLE AND YET ENOUGH REMOVED FROM PETTY PAROCHIAL INTERESTS TO BECOME MAJOR CONSTRUCTIVE FORCES IN DEALING WITH URBAN PROBLEMS.

The Commission does not subscribe to the notion that all problems can be best solved or handled from Washington. That is why we give so much attention to improvement of local government. We also feel that the states have a special role to play.

Among the issues in which we urge the states to exert new leadership are the following:

- Adoption of open housing legislation (by states not now having it) and the strengthening of existing laws.
- State legislation to authorize housing assistance functions to be carried out by county-wide or multi-county housing agencies.
- The use of state powers of eminent domain to provide sites on which to build housing for low and moderate income families in those municipalities or counties which have received federal or state assistance for urban renewal, planning grants, or water and sewer projects, but which have not built housing for these income groups.
- Enactment or amendment of state housing laws to give municipal housing authorities the right to lease dwelling units for publicly assisted housing outside of their corporate boundaries under specified circumstances.
- Operation of statewide housing programs funded jointly by federal and state monies.
- Removal of the constitutional barriers (in some states) which prevent combined private-governmental ventures in housing and other urban activities.

As pointed out elsewhere, the Commission proposes many incentives to encourage the states to move vigorously in matters of zoning, land use and assembly, building codes, housing codes, development standards, reduction of housing costs, and the streamlining of local government. They can do much to bring order out of chaos in the codes field by helping to achieve uniformity, by providing state codes for areas that have no codes, and setting forth uniform standards to be used in areas where local codes are found to be too restrictive.

Codes are state police powers delegated to the localities. The states must reassert some of their authority in those areas 1) where no codes exists, 2) where they are restrictive, 3) where they lack uniformity and 4) through appeal bodies when local boards or inspectors take too narrow a view.

We believe the states have tended to become forgotten members of the governmental family. By using powers they already possess, by assuming appropriate new authority when necessary, and in providing funds, they occupy a unique position to help bring urban areas out of confusion. State governments are close to the people and to the problems, but bring enough perspective to bear to help release urban areas from the excesses of localism. State action of the kind we recommend, where the states are willing to help pay a significant amount of the costs as well as exercising their authority, can help restore a genuine sense of community to our cities and their surrounding areas.

THE SOLUTIONS WE CALL FOR ARE A TALL ORDER, BUT THEY ARE IN PROPORTION  
TO THE ENORMITY OF THE PROBLEMS OF OUR URBAN AREAS

If there is a sense of urgency and even alarm in our Report and our recommendations, it is because the Commission saw the cities of our country firsthand and listened to the voices of the people. The Commission members certainly were not less concerned or knowledgeable than the average citizen, but after our inspections, hearings and research studies, we found conditions much worse, more widespread and more explosive than any of us had thought.

We do not want to lose our perspective nor cause others to do so. This is a remarkable country. The poor and so-called uneducated often speak with an eloquence and moral fervor reflecting an environment that cannot be entirely negative in its influence. Our huge metropolitan areas on the whole offer a wider range of choices for making a living, for type of residence, and for pursuit of happiness than has ever been available to so many people anywhere. The number of able and highly motivated local officials, often remaining optimistic and determined in the face of great odds, is impressive. The federal response to criticisms and suggestions (including some of our own) often has been swift and to the point. The recent acceleration and quantitative advances in federal housing programs to meet the domestic urban crisis, in the face of international distractions and political handicaps, has been creditable. The urban renewal program, for all its shortcomings, has given many cities a better appearance and a new lease on life. The country's balance of private production with only limited governmental restraints not only turns out a great abundance of goods and services, but demonstrates a strength and stability that should not be taken for granted. Americans show great initiative and industriousness.

It is not because we are unmindful of these and other blessings, but because we want them to be conserved and extended, that we point so urgently to the various problems that threaten our society. We need not dwell on this point. The riots have dramatized it more than words can do. Even though they have slowed down we remind the public that the causes still remain.

The nation can, if it will, remove many of the causes of unrest.

A glance at the specific assignments given to this Commission for study will show that they are weighted heavily on the technical side: zoning and land use, building codes and technology, housing codes, development standards, local and federal taxes affecting housing and urban growth, housing for low-income families, and the governmental framework to deal with all of these. But the Commission could not lose sight of the relationship between these technical matters and social problems. We agreed from the start not to duck these tough issues of poverty and race. And we conclude that those who sincerely want to solve the big social problems cannot do so if they duck the tough technical matters.

We must put housing on the front burner. We must focus our housing programs on housing for poor people. We believe in giving local authorities the tools and the money to get the job done. The states must have an expanded role, especially in getting sites, providing for low-income housing, and in breaking down the barriers of codes and zoning. We need simpler programs, a speed-up in processing, and more initiative from federal agencies. We seek the utmost cooperation from builders, developers and private industry. If all of these fail to bring an abundance of housing for poor people, then

we believe that the government must become the builder of last resort. We hope this is not necessary but past neglect, unfulfilled promises, misplaced priorities and the consequences of failing to act give us compelling moral and practical reasons for proposing no less.

We must ease the tension between central city and suburb, between rich and poor, and especially between black and white. Too few have recognized how these basic democratic issues are related to local government structure and finance, to zoning policies, land and housing costs, or to national housing policies. The recommendations we make in these areas are a test of our most fundamental beliefs. We are a wealthy nation, so it is not really a question of whether we can afford to do such things as we recommend. It is simply a matter of whether we still have faith in freedom, in equality, in justice, enough to make sacrifices in their cause.

We are confident that the nation can rededicate itself to these goals that have been the touchstone of national progress and success.

## FOOTNOTES (Introduction to Report)

<sup>1</sup>Negro Population, March 1967. Bureau of the Census Series P-20, No. 175, October 23, 1968. (The corresponding figures for whites were \$8,500 and \$6,500 respectively.)

<sup>2</sup>The year 1968 witnessed two major advances in the welfare field. The Supreme Court in a decision knocked out the "man-in-the-house" rule, applied in 18 states, and the Department of HEW promptly required compliance with the court's interpretation that a family otherwise eligible for welfare aid could not be denied assistance because of the presence of an adult male in the home. Secondly, a job incentive plan was instituted, with a number of states carrying it out on an optional basis before it was to become mandatory for all states in July, 1969. Under this plan, the first \$30 of monthly wages and 30 percent of the remainder are exempted from income taxation. (Many experts urge an exemption of the first \$50 and 50 percent of the remainder.)

<sup>3</sup>HEW data as of March, 1968.

<sup>4</sup>See Hearings Before the National Commission on Urban Problems, Vol. 5, 1968, pp. 333-46.

<sup>5</sup>Patricia Leavey Hodge and Philip M. Hauser, The Challenge of America's Metropolitan Population Outlook--1960-1985, National Commission on Urban Problems, 1968.

<sup>6</sup>Under Secretary Robert C. Wood, Department of Housing and Urban Development, from a speech on October 24, 1968.

<sup>7</sup>Smart, Rybeck, Shuman, The Large Poor Family--A Housing Gap, National Commission on Urban Problems, 1968.

<sup>8</sup>Manvel, Three Land Research Studies, National Commission on Urban Problems, 1968.

<sup>9</sup>Richard Babcock, The Zoning Game.

<sup>10</sup>Manvel, Local Land and Building Regulations, National Commission on Urban Problems, 1968.