PROPOSED AMENDMENTS TO THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITIONS POLICIES ACT OF 1970

(92–38)

HEARING

BEFORE THE

SUBCOMMITTEE ON ROADS

OF THE

COMMITTEE ON PUBLIC WORKS

HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

S. 1819 and Related Bills

TO AMEND THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970 TO PROVIDE FOR MINIMUM FEDERAL PAYMENTS AFTER JULY 1, 1972, FOR RELOCATION ASSISTANCE MADE AVAILABLE UNDER FEDERALLY ASSISTED PROGRAMS AND FOR AN EXTENSION OF THE EFFECTIVE DATE OF THE ACT

JUNE 15, 1972

Printed for the use of the Committee on Public Works

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PROPOSED AMENDMENTS TO THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970

THURSDAY, JUNE 15, 1972

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ROADS
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The Subcommittee on Roads met in room 2167, Rayburn House Office Building, at 10:15 a.m., Hon. John C. Kluczynski, chairman, presiding.

Mr. KLUCZYNSKI. The hearing will some to order.

This morning, the subcommittee will receive testimony from Government agencies, Members of Congress, and concerned private organizations on proposed amendments to the Uniform Relocation Act of 1970.

The original act was written to insure that people who are dislocated by any Federal or federally assisted program receive fair and equitable treatment at the hands of the Government.

It is a humanitarian effort by the Congress to see that no person's land is taken from him without receiving advisory assistance, help in moving, or in buying a new house that is at least as good as the house he had to vacate.

The intent of Congress was to make the uniform relocation a State program. The States were given 18 months, until July 1, 1972, to comply with the law. That date is 2 weeks away and still, as we will hear today, many States have not yet complied.

The States are also asked to take over any relocation payments as of July 1, 1972.

The Senate has passed a bill, S. 1819, that gives the States an extra year to comply, and the Federal Government will pay the first $25,000 of any single relocation as an ongoing program.

Over 30 members of the House have bills on this subject before our committee.

The Congress can only take a program like relocation and do so much with it. The administration of the act, must be handled by the Federal and State agencies.

In some cases, the Federal agencies have not handled the program with the care and humane consideration for individuals that Congress intended.

As recently as last week, HUD decided to reconsider its position on "Project Rehab" after Chairman Blatnik wrote to Secretary Romney concerning the interpretation that HUD gave to the law. This was prompted by a Washington, D.C. family receiving an eviction notice from a "Project Rehab" development and being denied relocation assistance.

The committee can only supply the tools. The legislative intent is clear. It is up to each agency to set up humanitarian guidelines to administer them.

I would like to place in the record at this point a copy of the bill S. 1819, and a list of bills pending before this committee on Uniform Relocation Assistance and Real Property Acquisition Policies Acquisition Act of 1970—Amendments.

(Items referred to follow:)

92D CONGRESS
2D SESSION

S. 1819

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 1972

Referred to the Committee on Public Works

AN ACT

To amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to provide for minimum Federal payments after July 1, 1972, for relocation assistance made available under federally assisted programs and for an extension of the effective date of the Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 207 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1898) is amended by striking out "in the case of any real property acquisition or displacement occurring prior to July 1, 1972," and by inserting before the period at the end of such section, "required by section 210".

(b) Section 211 (a) of such Act is amended by striking out "215, and 305, on account of any acquisition or displacement occurring prior to July 1, 1972" and inserting in lieu thereof "and 215".

(c) Section 221 (b) of such Act is amended by striking out "1972" wherever it appears and inserting in lieu thereof "1973, or the end of the thirty-day period which begins on the last day of the first regular session of the State legislature commencing after July 1, 1972, whichever is earlier" and by adding at the end of such subsection (b) the following: "Notwithstanding the foregoing provisions of this subsection, section 210 (3) shall be completely applicable to all States after July 1, 1972".

(d) Title II of such Act is amended by adding at the end thereof the following new section:

"INTERIM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION EXPENSES

"SEC. 222. (a) At any time during the period from July 1, 1972, through June 30, 1973, during which section 210 (other than paragraph (3) of such section) or section 305 is not completely applicable to a State, the head of a Federal agency authorized to provide Federal assistance to a State agency of that State under any grant, contract, or agreement of the kind referred to in such sections, shall take all steps necessary to insure that the payments, assistance,

and services to displaced persons, and expenses to property owners authorized by such sections shall be provided.

"(b) On and after July 1, 1973, or such earlier date that a State is able, under its laws, to comply with sections 210 and 305, the head of a Federal agency shall (1) not approve any grant to, or contract or agreement with, any State agency, of the kind referred to in such sections, unless such State agency satisfies the head of the Federal agency that the State is taking appropriate measures to pay to the United States an amount equal to the payments made by the Federal agency in carrying out subsection (a) of this section that the State would have paid if it had been in full compliance with such sections after July 1, 1972, or (2) after giving the State agency a reasonable period of time to seek funds to pay the United States such amount deduct sums totaling such amount from Federal assistance available under such grant, contract, or agreement (except relocation payments) to that agency, over a period and in a manner that shall not substantially and adversely affect the program or project so assisted.".

(e) (1) Section 101 (3) of such Act is amended to read as follows:

"(3) The term 'State agency' means the National Capital Housing Authority, the District of Columbia Redevelopment Land Agency, a State, and any department, agency,

or instrumentality of two or more States or of two or more political subdivisions of a State or States."

(2) Title II of such Act, as amended by subsection (d) of this section, is amended by adding at the end thereof the following new section:

"ASSISTANCE TO PROGRAMS AND PROJECTS UNDERTAKEN DIRECTLY BY PERSONS

"SEC. 223. (a) Notwithstanding any other provision of law, whenever the acquisition of real property for a program or project, to be undertaken by a person furnished Federal financial assistance by a Federal agency pursuant to a grant, contract, or agreement, will result in the forced displacement of any person on or after the effective date of this Act, the head of the Federal agency furnishing such financial assistance shall provide—

"(1) fair and reasonable relocation payments and assistance to or for such displaced persons, as are required to be provided by a Federal agency under sections 202, 203, and 204 of this title;

"(2) relocation assistance programs offering the services described in section 205 to or for such displaced persons; and

"(3) within a reasonable period of time prior to displacement, decent, safe, and sanitary replacement

dwellings to such displaced persons in accordance with section 205(c)(3).

"(b) With respect to any person displaced under this section after the effective date of this Act but prior to the effective date of this section, the head of the Federal agency administering the program that resulted in such displacement shall take all reasonable and necessary steps to assure that such displaced person is made aware of his entitlements under this section and that the payments, services, and other benefits due such person under this section are provided.".

Passed the Senate April 12, 1972.

Attest: FRANCIS R. VALEO,

Secretary.

(Bills pending before the Committee on Public Works through June 15, 1972)

UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970—AMENDMENTS

H.R. 8161, by Mr. Kuykendall	Amend to provide for full Federal funding after June 30, 1972, the first $25,000 of the cost of relocation payments and assistance made available under federally assisted programs.
H.R. 11314, by Mr. Conte	Do.
H.R. 11687, by Mr. Dulski	Do.
H.R. 12491, by Mr. Koch	Do.
H.R. 12784, by Mr. Kuykendall, Mr. Alexander, Mr. Begich, Mr. Bingham, Mr. Brinkley, Mr. Conte, Mr. Eilberg, Mr. Forsythe, Mr. Frenzel, Mrs. Hicks of Mass., Mr. Kemp, Mr. McEwen, Mr. Mazzoli, Mr. Pepper, Mr. Rooney of Pa., Mr. St Germain, Mr. Stokes, Mr. Tiernan, Mr. Waggonner, Mr. Jones of Tenn	Do.
H.R. 13395, by Mr. Landrum, Mr. Flynt, Mr. Brinkley, Mr. Stephens, Mr. Mathis of Ga., Mr. Davis of Ga., and Mr. Stuckey	Do.
H.R. 14325, by Mr. Blackburn	Do.
H.R. 14522, by Mr. Fraser	Do.
H.R. 14593, by Mr. Hammerschmidt	Do.
S. 1819 (passed Senate April 12, 1972)	Do.
H.R. 10903, by Mr. Whitehurst	Amend to provide that the percentage of Federal payment for any relocation assistance in effect prior to enactment of the Act shall not be altered.
H.R. 14508, by Mr. Broyhill of Va	Amend to provide that the Federal Government shall pay all of the costs of providing payments and assistance for a displaced person.

Mr. KLUCZYNSKI. This morning, our first witness will be Milton Pikarsky, commissioner of public works for the city of Chicago, representing the National League of Cities and the U.S. Conference of Mayors.

Commissioner Pikarsky, if you would come forward, you may proceed as you desire.

For the record, will you give the names of your associates, please?

STATEMENT OF MILTON PIKARSKY, COMMISSIONER, COMMISSION OF PUBLIC WORKS, CHICAGO, ILL., REPRESENTING NATIONAL LEAGUE OF CITIES, U.S. CONFERENCE OF MAYORS; ACCOMPANIED BY MRS. OZZIE BADAL, DIRECTOR OF RELOCATION, CITY OF CHICAGO DEPARTMENT OF URBAN RENEWAL; AND DAVID F. GARRISON, LEGISLATIVE COUNSEL FOR THE NATIONAL LEAGUE OF CITIES AND THE U.S. CONFERENCE OF MAYORS

Mr. PIKARSKY. Mr. Chairman and members of the committee, I am Milton Pikarsky, commissioner of public works for the city of Chicago. I am presenting a statement today on behalf of Mayor Richard J. Daley and the city of Chicago, and I am pleased to be representing the National League of Cities and the U.S. Conference of Mayors as well.

With me are Mrs. Ozzie Badal, director of relocation for the city of Chicago, Department of Urban Renewal, and David F. Garrison, legislative counsel for the National League of Cities and the U.S. Conference of Mayors.

We are grateful to the committee to have this opportunity to present the city view of several important amendments which have been proposed to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

I would like to say, Mr. Chairman, that this is the committee that was the major architect of this landmark legislation. It is particularly fitting that a committee that has been pilloried in some circles as being insensitive to the public needs has marshaled and legislated the most meaningful Relocation Assistance Act in the history of the Nation.

As you know, Mr. Chairman, both the National League of Cities and the U.S. Conference of Mayors were very strong supporters of the original legislation which was drafted in the House by the Public Works Committee and which became law nearly 18 months ago.

In appearing before you today, I want to stress that both organizations continue to be convinced of the importance of the statute and of the need for its vigorous and thorough implementation throughout the Nation. We are committed to the goal set forth in the act that there must be uniform and equitable treatment of all persons displaced by Government action.

Local governments, however, are presently faced with several major problems under the act which threaten their ability to continue utilizing the various Federal grant-in-aid programs which result in the displacement of people or businesses.

In particular, there are several issues of immediate concern to cities, two of which, in our view, would need affirmative action by the Public Works Committee and the House of Representatives during the next 15 days in order to avert a crisis at the local level.

CONTINUATION OF 100-PERCENT FEDERAL FINANCING

As you know, Mr. Chairman, in 15 days, under the act, all State and local governments will be required to begin sharing the costs of relocation arising from the displacement of persons and businesses under federally assisted activity.

Under the act, relocation costs will become internalized as a regular project cost on July 1, and local governments and agencies will be required to share these costs in amounts which vary, of course, from one Federal program to another.

While the precise impact of adding these costs to local budgets will differ from community to community, there seems to be little question that the overall impact at the local level will be very negative indeed.

As a result, we strongly support an amendment to the act which would make the 100-percent Federal financing of all relocation costs covered under the act up to $25,000 per case a permanent feature of the statute. Such a provision was approved by the Senate on April 12 of this year as part of the bill, S. 1819, which is now before this subcommittee for consideration.

In addition, at least 34 Members of Congress have already sponsored such a provision in the House.

Historically, the national relocation workload caused by Federal and federally assisted activities has been divided into the following three categories: (1) Federal-State highway programs, which approximate 50 percent of the total; (2) Urban renewal, model cities, and public housing programs administered at the local level, which encompass roughly 40 percent of the total; and (3) Others which amount to the remaining 10 percent and include direct Federal activities by the Army Corps of Engineers, General Services Administration, et cetera, as well as federally assisted programs never before faced with relocation requirements such as those administered by the Department of Health, Education, and Welfare, the Environmental Protection Agency, and other agencies.

From the point of view of the cities, the major impact of the cost-sharing requirement would be felt in the developmental programs administered by HUD, HEW, and the Environmental Protection Agency.

So far as HUD programs are concerned, significant cost-sharing burdens would arise after July 1 of this year under urban renewal. With communities having to absorb between one-quarter and one-third of the relocation expenses generated by the act. A survey conducted by the National Association of Housing and Redevelopment Officials projects relocation costs under the urban renewal program for the coming fiscal year 1973 at $373 million. The potential local share of this amount would be at least $100 million.

Prior to the passage of the Uniform Relocation Assistance Act, Congress had required that all relocation costs incurred in connection with urban renewal projects would be 100 percent reimbursed by the Federal Government. Unless amended, the act would alter this long-standing national policy toward the funding of the urban renewal program.

At a time in our history when the revenue resources available to local governments are falling so rapidly behind the demand for municipal services, such a shift in funding responsibility would place many local governments of all sizes in very serious difficulties.

There are, of course, some cities—particularly some of the larger ones—which may have a sufficient backlog of noncash grants-in-aid to be able to absorb this increased burden without having to put up actual cash. However, our information at this point is that a very large number of cities of varying population sizes and locations have no such pool of credits and will therefore be required to raise additional cash to cover the increased local share.

This will be particularly true among the hundreds of medium and small size communities now actively participating in the urban renewal program.

Already, a surprisingly—even alarmingly high—portion of these communities have indicated that failure of S. 1819 to pass would result in the drastic cutbacks in or termination of ongoing projects.

The prospect of these increased costs will also serve as a strong deterrent for communities seeking redevelopment funds in the future. Such a result was certainly not intended by the Congress when it approved Public Law 91–646 nor should the Congress, in our judgment, allow it to occur now.

We should quickly point out that it is not merely urban renewal projects at the local level and highway projects at the State level that are of concern.

The act extends coverage to a wide range of other Federal programs which have not been making relocation payments in the past. The true impact of the act upon these programs is yet to be fully established, in part because that portion of the statute does not go into effect until this July 1, and in part because the Federal Government itself does not know the size of the relocation load to be expected in these newly covered programs.

For example the Department of Health, Education, and Welfare has approximately 35 programs which can be expected to cause displacement. Included among these activities are school construction, libraries, hospitals, mental health facilities, and various rehabilitation facilities.

In addition to HEW, displacement will also be connected with the construction of prisons using Federal funds under the Law Enforcement Assistance Act, of waste water treatment plants under the Environmental Protection Act, and of various community development projects funded by the Department of Housing and Urban Development, outside of the urban renewal program.

These are only a few of the many Federal programs with potential relocation impact.

While the total share of the national relocation activity that will be accounted for under these newly covered programs may initially be relatively small—10 percent or more—the impact in any given community where such a project is undertaken can and often will be quite significant.

As an adjunct to NAHRO's survey of anticipated additional relocation costs under the act in the urban renewal program, the National League of Cities and the U.S. Conference of Mayors attempted to determine the scope of increased costs that would arise under these nonrenewal, nonhighway programs.

Somewhat to our dismay, but not entirely to our surprise, our survey results were meager at best.

In most cases, the local governments contacted were not aware of the fact that new relocation requirements would be placed upon the HEW, LEAA, or EPA projects. To the extent that our survey gave us any results, it reaffirmed what we already knew as a result of NAHRO's survey about renewal.

The conclusion to be drawn from our unsuccessful survey is not that there will be no relocation problems connected with these newly covered programs. Rather, the conclusion is that there is a very serious communication gap between the Federal departments and agencies in charge of these programs and the local governmental entities which have the responsibilitv for their programs out in the field.

Mr. Chairman, we expect that the committee will hear testimony once again that argues in favor of retaining a local share contribution on the grounds that such a requirement is necessary to insure that local governments will not act unwisely with the project funds. Moreover, we expect that you will be told that relocation costs are not differ-

ent from any other project costs and to make a distinction, as would S. 1819, would be inconsistent.

The explanation for the strong position of the cities in favor of continued 100 percent Federal funding of these relocation costs is fairly simple and straightforward.

We do not have the resources to meet these additional expenses. If the Congress continues to support the various categorical programs which result in relocation—programs such as community development, school and hospital construction, and waste treatment facilities, then the Congress should recognize that local governments have fewer and fewer resources available to meet these local share requirements.

Where there are not sufficient local resources, the Federal programs with cost-sharing provisions will not be utilized. Again, we do not understand that result to be the one intended by the Congress.

Given the ever more burdensome fiscal problems facing municipalities, a requirement that local governments pick up an additional expense would surely work counter to the real desire of Congress which is for more and more of these Federal programs to be utilized by a wider range of communities.

On the question of whether a local share requirement is necessary to guarantee proper local commitment and planning, our response is that this argument works both ways and is therefore of little analytical help.

While it may be true that some communities produce more rationale and exhaustive plans when a local share is necessary it is also true that some communities—a larger number, we think—distort their project plans in order to meet the noncash grant-in-aid requirements of the law, often in ways that are not wholly beneficial to the city.

In recent years, both the National League of Cities and the U.S. Conference of Mayors have been urging the deletion of local share requirements and the greater use of 100 percent Federal grants.

We are encouraged by the increasing support we have been receiving for this approach.

In a number of its so-called special revenue-sharing proposals, this administration has proposed 100-percent grants. Equally significant, perhaps, has been the recent willingness of the Congress to reduce the size of local share requirements, as for example is now proposed for community development block grants, comprehensive planning, and urban mass transit programs.

In summary, therefore, we urge this distinguished subcommittee and the full House Public Works Committee to support the permanent extention of the act's present provision for 100-percent Federal financing of relocation costs up to $25,000 per case.

FEDERAL COMPLIANCE

Before addressing the second major amendment we are supporting, Mr. Chairman, let me discuss briefly the problem of rapid and enthusiastic compliance by the Federal Government with the act which has now been law for almost 18 months.

Only just a little more than 1 month ago, cities, along with the various Federal departments and agencies, finally were provided with

a proposed set of guidelines setting forth the elements of uniformity that would prevail under all Federal programs.

These guidelines, developed by the Office of Management and Budget, were necessary in order for the departments and the agencies to finalize their regulations and procedures.

During the 16-month interim, while these guidelines were under development, local relocation staffs were extremely uncertain about the actual manner in which the program was to be administered.

This delayed implementation process by the Federal agencies and the lack of executive leadership calling for faster action suggests an unfortunate lack of commitment on behalf of the Federal Government to the purposes of the act.

While we are sympathetic to Federal agencies which are having to deal with the problem of relocation for the first time, the lack of Federal leadership and guidance has made the educational process at the local level more difficult and the commitment necessary for an excellent national, uniform relocation program harder to attain.

This lack of aggressive administration of the program by the Federal agencies is particularly disappointing in light of the forceful manner in which the House Public Works Committee's own report on S. 1 anticipated this problem. I quote from page 16 of the report:

> To avoid future misunderstandings, Federal agency heads should include appropriate provisions in regulations or published procedures for implementing the bill to assure that State agencies responsible for Federal financially assisted programs and projects understand the applicability of the bill to such programs and projects.

We only wish this clear warning and directive had been taken more seriously by a number of the Federal agencies involved in the program. These experiences emphasize what we strongly believe is a failure at the national level to understand the importance of the Uniform Relocation Assistance Act.

However, while we feel it necessary to make these comments known to the committee now, we feel that by the next session of Congress, we will be able to present a more comprehensive case on such issues as poor implementation of the act by the Federal agencies, lack of uniformity in implementation, and other technical problems on which, based on local experience, we would recommend to further improve this act.

STATE COMPLIANCE

The second major problem arising under the Uniform Relocation Assistance Act concerns the matter of State compliance.

Under the act, all States must be in total compliance with relevant sections of the statute 15 days for now, on July 1.

To the extent that a State is not in compliance with all or just a portion of the act, State and local agencies are in danger of being barred from certain Federal funding. We have no basic quarrel with this method of providing an incentive to State governments to bring themselves into speedy compliance.

However, because of the just mentioned delays in Federal compliance, it is our considered opinion that the Congress should grant a limited amount of additional time for those States not yet in full compliance.

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The difficulty, from where we sit in local government, is to devise a way in which such an extension can be granted while insuring that displaced persons and businesses do receive full benefits under the act, regardless of what State they happen to be in.

In our view, the Senate passed bill, S. 1819, satisfactorily accomplishes this dual purpose.

Under S. 1819, each State needing an extension may have 1 year or until 30 days following the end of the next regular State legislative session, whichever is sooner.

This procedure will allow sufficient time for all remaining States to bring themselves into full compliance which, under no circumstances, could be any further away than an additional 12 months.

At the same time, the Senate bill would fully protect the rights of any persons or businesses displaced after this July 1 in a State not in complete compliance with the act.

Where a State is not able to make the relocation payments required under the act, the Federal Government would do so directly with any Federal funds dispersed to be reimbursed by the State retroactively.

If a State refuses to voluntarily reimburse the Federal department or agency in question, the dispersed funds could be recaptured out of subsequent Federal grants-in-aid to the State.

While not necessarily a perfect solution, we view the approach of the Senate bill as workable and acceptable. It would both protect the interests of displacees while enabling federally assisted projects to continue forward on schedule.

We urge the subcommittee to adopt a similar approach which embodies these two principal objectives.

I would also comment that we are satisfied that this remedy would be responsive to the special problem now faced by the State of Georgia where a constitutional amendment is being sought by referendum this fall so that the necessary State statutory changes can then be approved by the State legislature in early 1973.

ELIGIBILITY OF FEDERALLY ASSISTED PROJECTS SPONSORED BY PRIVATE PERSONS

Finally, Mr. Chairman, I should like to briefly address an important issue which has been raised by the Senate passed bill.

Since the passage of the act, the operative section 210 has been closely interpreted to mean that where there is a Federal grant to, or a contract or agreement with a private person or body, and displacement results, the benefits of the act are not available. This has worked a particular hardship with relocation caused under HUD's section 235 homeownership assistance, and section 236 rental assistance housing programs.

In addition, difficulties are expected under HEW's Hill-Burton hospital construction program and other similar projects often sponsored by private nonprofit groups.

It seems very clear to us that an owner-occupant or tenant, low income or otherwise, living in a unit on land which is being cleared for ultimate use in the development of a federally assisted housing or hospital project, is just as worthy of consideration under the act as is

a similarly situated person in a unit on land purchased directly by a public agency with Federal funds.

As an equitable matter, we believe that to take any other approach is to run counter to the underlying spirit of this law.

We, therefore, support efforts to clarify the original legislation on this important issue.

As you know, Mr. Chairman, S. 1819 was amended on the floor of the Senate to add a new section 223 to the act which would extend relocation benefits to persons who are "forced" to move as a result of real property acquisition "by a person furnished Federal financial assistance by a Federal agency pursuant to a grant, contract, or agreement."

We believe this provision, or one similarly drafted, would accomplish the necessary clarification of the act on this point. As always, we stand ready to assist you in any way we can in developing the needed language.

We would, however, like to take just a moment of the subcommittee's time to comment upon the effect that this language would have upon HUD's housing subsidy programs.

In this regard, we commend Chairman Blatnik for his recent letter to Secretary Romney which urges the Department to reevaluate its position on this matter.

The relocation costs of displacement which results from federally assisted activity should always be considered to be a public cost. This is particularly important in regard to HUD's section 235 and 236 housing subsidy programs where the department might be tempted to assign the burden of the cost to the private developer or non-profit sponsor or the ultimate mortgagee.

None of these persons should be required to assume this additional expense. The costs of relocation should be treated apart from the mortgage subsidy amount.

This separation of costs is also necessary in order that the program themselves may continue to function effectively.

Land acquisition and construction costs are already so high that both housing subsidy programs are experiencing serious difficulties in actually serving the range of low- and moderate-income individuals desired by the Congress.

Addition of the relocation cost into the total project cost at this time would render a large number of proposed projects economically unfeasible within the statutory limits set by Congress and would eliminate for any remaining projects any real possibility there might be to house low income persons.

In summary, Mr. Chairman, we do hope this subcommittee and the full House Public Works Committee will give its support to the coverage by the act of the displacement costs arising from such Federal programs as housing subsidies and hospital construction but that in doing so, you carefully instruct the Federal department on the manner in which these costs are to be assigned.

We deeply appreciate this opportunity to appear before this distinguished subcommittee today and we will be pleased to answer any questions you might have.

With your permission, we would request that copies of the most recent policy resolutions of the National League of Cities and the U.S. Conference of Mayors be included in the record.

Mr. KLUCZYNSKI. Thank you, Mr. Pikarsky.

Without objection, your request will be granted.

The documents are entitled "National League of Cities 1972 National Municipal Policy Uniform Relocation Practices," and the "United States Conference of Mayors Annual Convention: June 1972: Uniform Relocation."

(The documents referred to follow:)

NATIONAL LEAGUE OF CITIES—ADOPTED AT ANNUAL CONGRESS OF CITIES, HONOLULU, HAWAII, DECEMBER, 1971

1.302 Uniform Relocation Practices

With the passage of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, it is now national policy that the goal of relocation programs is to place families in standard housing and business in locations on the same terms and conditions as they enjoyed before displacement. Where this cannot be done, adequate compensation must be given.

Because the cost of moving a family or a business is the same regardless of what program or activity causes the displacement, the Act seeks to make all relocation policies and assistance uniform at all levels of government.

A. The President's Office of Management and Budget and all affected federal agencies and departments should comply with the Congressional intent of the Act by establishing a truly uniform standardized set of regulations, procedures and applications.

B. Where experience shows that localities are being frustrated by the promulgation of inconsistent and confusing federal regulations and procedures, Congress should amend the Act to require the creation of a single set of uniform, "Presidential" regulations applicable to all federal agencies.

C. States should move as rapidly as possible to revise existing state statutes, where necessary, to bring state law into compliance with the new federal legislation so that localities within each state can move forward with their various federal and federally-assisted programs involving displacement.

D. Federal and state governments should provide assistance to enable cities to establish centralized relocation agencies.

E. Congress should amend the Act to delete the local matching share requirement and should raise sufficient federal funds to cover all federally related relocation costs required by the Act.

THE U.S. CONFERENCE OF MAYORS—ADOPTED AT ANNUAL CONFERENCE, NEW ORLEANS, LA., JUNE 21, 1972

UNIFORM RELOCATION ASSISTANCE ACT

Whereas, the Uniform Relocation Assistance Act, effective January 2, 1971, established a uniform federal policy toward the payment of relocation costs to persons and business displaced as a result of federal or federally-assisted activity; and

Whereas, on July 1, 1972, the Act requires that all states be in compliance with the federal law for all federal programs and that all state and local governments and agencies must begin sharing relocation costs arising from federally assisted activity on the same basis that other project costs are shared; and

Whereas, a significant number of states will not be in compliance with some or all portions of the Act on July 1, 1972, and therefore will have various federal funds terminated; and

Whereas, many states and local governments will find it necessary to curtail certain federally-assisted activity because of the lack of sufficient resources to meet the additional local share requirements generated by these substantially increased relocation costs; and

Whereas, the United States Senate has adopted a series of amendments to the Act which would continue 100% federal funding of all relocation costs required by the Act up to $25,000 per case as a permanent feature of the Act and would grant those states not yet in compliance a brief extension while fully protecting the rights of all beneficiaries under the Act: Now, therefore, be it

Resolved, That the United States Conference of Mayors strongly supports the Senate amendments to the Uniform Relocation Assistance Act and urges the House of Representatives to favorably complete its deliberations on similar legislation as rapidly as possible so that final Congressional action can be concluded prior to July 1, 1972.

Mr. KLUCZYNSKI. Thank you, Mr. Pikarsky, for that splendid statement.

When did you receive these guidelines from the Federal agency?

Mr. PIKARSKY. The guidelines have been promulgated in the Federal Register, but I do not believe they are completely finalized yet.

Mr. GARRISON. The most recent version, Mr. Chairman, was available a little over a month ago.

There were some interim guidelines provided, but the final version was available just a month ago.

Mr. KLUCZYNSKI. Has Illinois complied with all the sections of Public Law 91-646?

Mr. PIKARSKY. Illinois has provided for the passage of enabling legislation in their House and Senate. They have not had the bill signed by the Governor yet, but I suspect they will be in conformance.

Mr. KLUCZYNSKI. Thank you.

Do you think that section 223 of S. 1819 would be necessary if the Federal guidelines were a little more flexible?

Mr. PIKARSKY. Mr. Congressman, this subcommittee will recall that, in the drafting of the original S. 1 bill, we were all very much concerned that many pseudo federally-assisted programs would not be covered. Thus, we incorporated Federal Reserve districts and others to emphasize that it was the source of funds for the federally-assisted program that was important, not necessarily the conduit that was used. It was our understanding, as expressed by members of the Public Works Committee staff, as well as by the members of the subcommittee, that this was the committee's intention.

However, in the reviewing of the legislation, there has been an administrative determination that is contrary to that legislative intent. It would therefore be appropriate for the House Public Works Committee to clarify its original intent in a manner such as section 223, or some other acceptable form.

Mr. KLUCZYNSKI. Thank you.

Are there any questions to my right?

Mr. Anderson?

Mr. ANDERSON. Yes. Thank you, Mr. Chairman.

I want to commend the gentleman on a very fine presentation.

I was rather curious—can you tell me the status of California in their state of compliance?

Mr. PIKARSKY. I am not specifically aware.

Dave?

Mr. GARRISON. Congressman, I do not have that information with me, but this afternoon a gentleman will be testifying on behalf of the National Governors Conference who will be bringing with him a complete rundown on where the various States are.

I also expect that Mr. Ink, who will follow us, will also have a similar description of all 50 States' state of compliance. I would defer to them, if possible.

Mr. ANDERSON. I would think all Congressmen would like to know the status of their own States.

Mr. GARRISON. Congressman, we made an attempt, in presenting testimony here today, to divide up the responsibilities of the many points that we all wished to cover and in what detail, and it is for that reason that we do not have that chart as part of our testimony.

Mr. ANDERSON. Thank you.

Mr. KLUCZYNSKI. Mr. Howard?

Mr. HOWARD. No.

Mr. KLUCZYNSKI. The gentleman from Illinois.

Mr. COLLINS. Thank you, Mr. Chairman.

I commend the gentleman for his statement this morning.

Having had the pleasure of working with him in the past in Chicago, I am glad he brought these most comprehensive objectives to us, and I would ask the commissioner if he would elaborate a little bit more on the eligibility of private-assistance projects sponsored by private persons as it deals with 236 real assistance program and 235.

Mr. PIKARSKY. Mr. Garrison.

Mr. GARRISON. Mr. Congressman, the difficulty is in the way the Housing and Urban Development Department has interpreted the original statute by holding that activities carried on by private persons are not covered.

Now, in the case of 235 and 236 housing programs, the Federal Housing Administration subsidizes the interest rate on the mortgage while the actual developer of the project is a private person, or a nonprofit group. Under the interpretation that has been given the act by HUD, that activity has not been covered.

That is the difficulty.

Mr. COLLINS. On relocation?

Mr. GARRISON. That is correct. Any displacement caused by a private person who subsequently went to the FHA to seek a mortgage would not be covered which means that tenants and homeowners would not have any access to the act under the interpretation that has been given.

Now, as Chairman Blatnik raised in his letter to HUD last Friday, there is some question as to whether that interpretation is correct. But, the issue before the committee is, that given that interpretation, should the act be clarified to make it clear that the intent was to include this type of relocation?

Mr. COLLINS. Then I take it there are many pending rehab projects that are awaiting this clarification within the city of Chicago?

Mr. PIKARSKY. I would say that is correct and I would repeat that there are many inequities that come about. In your area, Mr. Congressman, you know of one of the major projects that is now under some discussion that will result in substantial housing relocation, and that is the crosstown expressway. There is a lack of credibility by many persons who are unconvinced that the Federal Government, as well as the local government, is willing to minimize the negative effects of this dislocation or relocation. Many persons are still unaware of this land-

mark legislation which has been developed through, really, the efforts of this subcommittee and the House Public Works Committee.

I would argue that having an adequate relocation program is one major way of trying to have progress in this Nation on needed public improvements. We need to change our current philosophy by saying instead that, in an affluent society, perhaps we should underwrite some of the losses of a minority that are displaced, through no choice of their own. As a practical matter, as far as the amount of dollars involved, we believe that the delays in accomplishing and implementing programs resulting in increased costs of construction, in interest rates, in not having public improvements available to the public—those delays will far exceed the additional amounts that perhaps we would be providing by giving this extended coverage. Certainly, we would have many more willing relocatees among potential dislocated persons.

Mrs. BADAL. Mr. Congressman, if I may add a comment—with regard to Project Rehab, particularly in Chicago, those proposals that do fall within federally assisted project areas, such as model cities, or the neighborhood development program areas, relocation benefits under the new act are available to persons being permanently displaced. However, in consideration of other Project Rehab proposals outside of these boundaries, there is no provision, unless we have the extension granted.

Mr. COLLINS. I see.

Then I would assume that only people who are living within the Model Cities area or the urban renewal area are privy to this particular legislation.

Mrs. BADAL. That is correct.

Mr. COLLINS. Yes.

Mr. GARRISON. On this issue of subsidized housing, persons living on properties that are acquired within Model Cities and urban renewal are covered, but on similar parcels outside of such project areas, they would not be.

Mr. COLLINS. Yet we find people living outside these districts who fit into the area of poverty and low income, but are not covered.

Mrs. BADAL. That is true.

Mr. COLLINS. I see.

Now, in visiting with the Mayors Conference, it is the feeling of mayors across the country, because of increased taxes in their respective cities, and perhaps having taxed people to the fullest extent, they could no longer support present legislation of 10 percent, and are requesting 100 percent.

Is this the general feeling throughout the Nation on that?

Mr. GARRISON. Yes, Congressman.

The amount of local share differs from Federal program to program. In Chicago, for example, the local share under urban renewal would be one-third, and in smaller communities it would be often as low as one-fourth. The amount of the share differs, but the scope of the problem is essentially the same.

There are few local resources available to produce additional cash or noncash grants-in-aid in most communities. There is a serious problem concerning the availability of additional resources at the local level, and this situation, in our judgment, will work a hardship in

many communities, and will have the effect of slowing down many of those programs.

Mr. COLLINS. Thank you very much, Mr. Chairman.

I have no further questions.

Mr. KLUCZYNSKI. Congressman Collins is a former member of the city council of the city of Chicago. We are always happy to have you here, Mr. Collins. You have appeared here many times, representing Chicago, and was a great help to the committee.

At this time, the Chair recognizes the gentleman from Arkansas, Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Mr. Chairman, I, too, want to thank Mr. Pikarsky for a fine statement. I am most sympathetic with those issues set forth in your statement and have introduced legislation concerning the 100-percent federally insured finance costs.

As you know, this committee has recommended special and general revenue sharing in an attempt to alleviate some of the burdens borne by smaller entities. There is now legislation which has been reported out of the House Ways and Means Committee containing special and general revenue sharing which would bring a quarter of a billion dollars to State and local governments.

Of course, there is no guarantee that we are going to get final legislation on the bill, but would you comment on whether you think that a bill such as S. 1819, or one similar, would still be necessary?

Mr. PIKARSKY. Well, there are two comments.

My colleague does not believe, first of all, that in general revenue sharing that relocation costs will be covered.

Mr. GARRISON. That is under the Mills bill.

Under the bill proposed by the President, relocation expenses would have been an eligible cost. However, as I understand the bill reported out by the Ways and Means Committee, this particular cost may not be an eligible one under the bill.

Mr. PIKARSKY. However, in addition, this question is a question that has been asked by many groups. Where there are categorical problems that will still continue in existence, the general revenue sharing program, at best, will really not cover the desperate needs of the Nation's cities. Therefore, when we then utilize that to chip away from other programs, all we do is put ourselves back in the abyss in which we found ourselves before. We believe that relocation is a categorical program, and should be considered separately.

Mr. GARRISON. Let me add, Mr. Congressman, I do not propose to read the President's mind on this, but our support of general revenue sharing has been based on one major assumption, and that was that the various categorical programs would be continued to be funded at adequate levels.

The thinking of OMB, I gather, is that there should be some substitution, with relocation costs being picked up, to some extent, under general revenue sharing.

That, in our judgment, is a misreading of the basis for our support for the Mills bill. As I say, we view that legislation as providing important fiscal relief to the cities, but not as a substitution for funds cities were already receiving through other channels.

Mr. HAMMERSCHMIDT. I appreciate your response, and I wanted to get your views on the record at this time.

Thank you, Mr. Chairman.

Mr. KLUCZYNSKI. Are there any further questions?

(No response.)

Mr. KLUCZYNSKI. If there are no further questions, I want to thank you, Commissioner Pikarsky, and your fine staff for the spendid testimony this morning, and I want you to know I always appreciate your presence here.

Thank you for being a witness and giving us your views.

(Mr. Howard assumed the Chair.)

Mr. HOWARD. Our next witness is Mr. Dwight A. Ink, Assistant Director of the Office of Management and Budget.

Mr. Ink, it is a pleasure to have you with us this morning, and for the record, will you please give the names of your associates, and you may proceed as you wish, and your statement will appear in full in the record at this point.

(The statement referred to follows:)

STATEMENT OF DWIGHT A. INK, ASSISTANT DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. Chairman and Members of the Subcommittee; my appearance today is at the request of Chairman Blatnik to furnish the views of the Office of Management and Budget on proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

The Public Works Committee and this Subcommittee are to be commended for their efforts and leadership in the development of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. We are particularly indebted to this Subcommittee for its development of the Federal Aid Highway Act of 1968 which contained provisions which were the model for our present relocation assistance legislation.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 provides for the uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs and it establishes uniform and equitable land acquisition policies for these programs. This legislation culminated extensive efforts by both the executive and legislative branches of Government to assure that all persons displaced by programs financed by the Federal Government would be treated alike and fairly.

The legislation was enacted because the application of traditional concepts of valuation and eminent domain resulted in inequitable treatment for large numbers of people displaced by public action. When applied to densely populated urban areas, with already limited housing, the results frequently were catastrophic for those whose homes or businesses had to give way to public needs. The result too often has been that a few citizens were called upon to bear the burden of meeting public needs.

The legislation eliminated the serious inconsistencies that existed between Federal and federally assisted programs with respect to the amount and scope of payments, other assistance provided, and assurances of housing offered. It provides for fair relocation payments, advisory assistance, assurance that comparable, decent, safe, and sanitary replacement housing will be available for displaced persons prior to displacement, economic adjustments and other assistance to owners and tenants displaced from their homes, businesses or farms. It establishes a uniform policy on real property acquisition practices for all Federal and federally assisted programs.

A number of bills to amend the Uniform Relocation Assistance Act have been referred to the Committee. The most significant provisions of all these bills have been incorporated in S–1819, which was passed by the Senate on April 12, 1972. Accordingly, I will confine my testimony to Senate passed S–1819.

Subsections (a) and (b) of S–1819 would amend sections 207 and 211(a) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to make permanent the present transition provisions requiring the United States to pay the full cost of the first $25,000 of relocation payments and assistance with respect to a displacee.

Section 207 of the Act provides that whenever real property is furnished by a State agency as a required contribution incident to a Federal program or project, such State agency must make all relocation payments and provide all assistance assurances required of a State agency by sections 210 and 305 of the Act. In order to assist the State agencies to implement the Act as soon as State laws permitted, the Act provided a transition period until July 1, 1972, during which the Federal Government would contribute the first $25,000 of the cost of providing relocation payments and assistance and other new acquisition payments required in Title III.

Proposed subsection (a) of S–1819 would amend section 207 by making permanent the transitional requirement that the Federal Government pay for all relocation payments and assistance up to $25,000 for each displacee. We strongly oppose this amendment. Such a provision would permanently set aside the obligation of the State agency to furnish the land incident to a project by requiring the Federal Government to share in its acquisition cost. Relocation expenses are incurred when land is acquired and should be considered as part of the cost of land. Thus, the State agency required to furnish land incident to a Federal project should also be required to pay the relocation costs which are basic to such land acquisition.

The second amendment included in S–1819 concerns section 211(a) of the Act. Section 211(a) currently provides that relocation and other new costs incurred as a result of compliance with the Uniform Relocation Assistance Act shall be included as part of the cost of the program or project for which Federal financial assistance is available. That section further provides that the State agency is eligible for Federal financial assistance with respect to such payments and assistance in the same manner and to the same extent as other program or project costs. To assist the State agencies to implement the Act as soon as possible, section 211 also included a transition period until July 1, 1972, during which the Federal Government will pay 100 percent for these relocation costs up to $25,000.

S–1819 would amend section 211(a) of the Act to make permanent the transitional requirement for the Federal Government's reimbursement of 100 percent of all relocation costs up to $25,000 for each person. The Office of Management and Budget opposes this amendment. Relocation payments should be treated like any other element of a project and should be subject to the usual requirements for cost sharing. If local agencies were required to pay a share of relocation cost, we believe they would be more careful about site selection and hopefully, reduce the amount of displacement. The selection of sites where displacement will be minimal would be beneficial both from a cost point of view and more important, also to people who otherwise would be uprooted from existing homes.

On the other hand, if the Federal Government is expected to pay 100 percent there is little State or local incentive to reduce costs by considering alternate sites, and the result of the selection could cause displacement of people which might otherwise be avoided.

An argument is made that the Federal Government should reimburse these new costs 100 percent because they are incurred pursuant to a Federal requirement. Relocation assistance, however, is only one of many requirements that the Federal Government imposes in granting funds for projects which raise the cost to grant recipients. For example, adherence to the Civil Rights Act, the maintenance of minimum wage and other labor standards, environmental requirements, sociological considerations and others place a financial burden on State and local governments. These burdens are voluntarily accepted in order to participate in Federal grant programs.

We understand that another of the major reasons for making permanent the provisions requiring the United States to pay the full cost of the first $25,000 of relocation payments and assistance with respect to any displacee is the present fiscal crisis which State and local governments are facing. We appreciate this problem and have taken important steps to help cope with it. The President has proposed general and special revenue sharing bills which have been sent to the Congress for action. General revenue sharing legislation has been reported by the House Committee on Ways and Means which would add $7.2 billion to State and local government receipts during the next twelve months. In addition, proposed changes in Federal welfare programs will add substantial funds to State and local governments. With the prospect of these funds, we do not believe there is any reason to distort the sharing provisions of programs covered by sections

207 and 211(a) of the Act to deal with the fiscal problems of State and local governments. Accordingly, the Administration opposes subsections (a) and (b) of S–1819.

Subsection (c) of S–1819 would amend section 221(d) of the Act to extend the effective date for compliance by State agencies to July 1, 1973, or the end of the 30-day period which begins on the last day of the first regular session of the State legislature commencing after July 1, 1972, whichever is earlier, and further would require that State agencies may not displace individuals until they can assure them replacement housing.

Within a short period after P. L. 91–646 was enacted, staff of the Office of Management and Budget and other Federal agencies met with representatives of the National Governors' Conference, the Council of State Governments, and the National League of Cities to review what steps could be taken to bring this matter to the attention of the State legislatures. We assisted in drafting a model bill which was transmitted to State legislatures and the Governors of each State by the Council of State Governments and the National Governors' Conference on March 3, 1971.

In December of 1971, staff of the Office of Management and Budget in cooperation with staff of the National Governors' Conference and the Council of State Governments developed a three-step plan to emphasize, for the benefit of State governments, the need for comprehensive implementing legislation in those States which had not yet acted.

As the first step, the Vice President, on February 2, 1972, sent a letter to each Governor and to the majority and minority leadership in each State's legislature to bring to their attention the necessity for comprehensive implementing legislation.

In the second step, the Council of State Governments and the National Governors' Conference sent a copy of the Vice President's letter, together with the model legislation, to the Governors and to the legislature. These letters were sent on February 14, 1972.

The third step called for the Director of the Office of Management and Budget to advise the heads of departments and agencies of the Vice President's letter and of the action taken by the National Governors' Conference and the Council of State Governments. Each agency was requested to cooperate with representatives of State governments as necessary to assure full implementation of the Relocation Assistance and Real Property Acquisition Policies Act of 1970. The Director's memorandum was issued February 18, 1972, to all departments and agencies.

Extension of the effective date of the Act would permit the continuation of grant programs beyond July 1, 1972, but a simple extension of the Act's effective date would continue uprooting of people whether or not there is replacement housing in those States not complying with the Act. The extension would continue in those States which are not complying wih the Act, the inequities which the Uniform Relocation Assistance Act was designed to correct.

We believe that the Uniform Relocation Assistance Act enacted January 2, 1971, provided sufficient time for States to enact appropriate legislation to implement this law. The executive branch and various public interest groups have taken a series of steps to inform State agencies of the implications of the effective date provisions in the Act. The Office of Management and Budget therefore opposes this amendment unless it can be demonstrated that more time for appropriate State implementation is justified.

Subsection (d) of S–1819 would add section 222 to the Act to provide for interim relocation assistance and real property acquisition expenses during the period from July 1, 1972, through June 30, 1973, or until the State comes into compliance with the Act. Proposed subsection 222(a) would provide that the head of the Federal agency authorized to provide Federal assistance to a State agency in a State not in compliance shall take all steps necessary to ensure that payments, assistance, and services to displaced persons and expenses to property owners that are authorized by the Act shall be provided. We appreciate the objective of this provision which is intended to ameliorate the effects of extending the effective date of the Act. However, a number of Federal agencies consider this requirement to be extremely costly and burdensome to administer, particularly where State agencies are unable under State law to provide the required payments and services, even with the proposed 100% Federal financing. This is because most Federal agencies responsible for administering federally assisted programs are not staffed to carry out the types of assistance which would be

required by section 222(a). These agencies lack the expertise or background experience in this highly specialized activity and the development of a staff to perform these services for a brief interim period would be inordinately burdensome.

The reimbursement provisions of proposed subsection 222(b), provide that the State's share of funds paid by the Federal Government that are not repaid shall be deducted from funds available for new projects. This provision presents potentially serious problems. Effecting a reimbursement, even by offset, can be a complicated and troublesome process. Furthermore, in many of the cases the State agency to which the provision would apply would be a local government or local agency which may not have been in any way involved in the program activity giving rise to the need for reimbursement. We believe it would be unfair and unreasonable for assistance to such a State agency to be limited or reduced because of the failure of a State "to provide for reimbursement" or because of what was done or not done in connection with another Federal assistance program by another local government, State or local agency. In view of the above comments on subsection (d) of S–1819, we recommend that it be deleted from the bill.

Subsection (e)(1) of the bill would amend the definition of "State agency" so as to specifically include a State itself within that definition. We question the desirability of this amendment. It is technically defective in that it makes the reference to "any department, agency, or instrumentality" apply only where two or more States or political subdivisions are involved. Departments, agencies or instrumentalities of a State currently covered would be eliminated by the proposed amendment. If the Committee believes it is necessary to add the term "State" the definition should also include departments, agencies, or instrumentalities of a State.

Subsection (e)(2) of the bill would add a new section 223 to the Uniform Relocation Assistance Act which would require that any Federal agency providing assistance to a recipient, other than a State agency, would be required to provide the benefits of the Act to any person involuntarily displaced by such Federal assistance. The provisions of section 223 would be retroactive to the effective date of the Act.

No estimate has been made of the total cost to be anticipated by the proposed amendment but unquestionably the amount would be very substantial.

The Department of Agriculture advises that proposed section 223 would impair the feasibility of some phases of its lending programs designed to help develop rural areas and would reduce the effectiveness, coverage, and number of recipients of program benefits. For example, the Farmers Home Administration made 28,000 rural housing loans in fiscal year 1971 to families to buy dwellings that were more than one year old and many of which were occupied by tenants. Section 223 would require the Federal Government to provide a relocation program for each of these tenants displaced by individual homeowners who obtain a Government loan. We understand the Department of Agriculture believes that such a requirement would have a serious adverse impact on the Department's program to utilize and rehabilitate available housing for farmers. We also understand that the Department of Agriculture's farm ownership program which has been effective in assisting about 12,000 families annually to buy family farms would be similarly affected.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 clearly covers programs administered by units of Government. In the President's first annual report to the Congress on the implementation of the Act, a number of problem areas which need legislative action were noted. It may be that some adjustments need to be made with respect to coverage of the Act, and affected agencies are currently reviewing this matter. We do not believe, however, that sufficient administrative or budgetary experience has been gained under the present law to consider expanding its coverage to the numerous additional categories of beneficiaries who may become entitled to relocation payments under the proposed provisions of section 223.

Accordingly, in view of the problems noted concerning proposed section 223, we strongly recommend that it be deleted from this bill.

In summary, the Office of Management and Budget objects to the provisions of S–1819 and recommends that it not be approved by your Committee.

Thank you, Mr. Chairman. We will be happy to answer any questions the Committee may have.

STATEMENT OF DWIGHT A. INK, ASSISTANT DIRECTOR, ORGANIZATION AND MANAGEMENT SYSTEMS, OFFICE OF MANAGEMENT AND BUDGET; ACCOMPANIED BY JOSEPH D. COHN, MANAGEMENT ANALYST; AND JAMES D. CURRIE, CHIEF, PROCUREMENT AND PROPERTY MANAGEMENT BRANCH, OFFICE OF MANAGEMENT AND BUDGET

Mr. INK. Thank you, Mr. Chairman.

On my right, to your left, is Mr. Joe Cohn, and on my left is Mr. Currie, both from the Office of Management and Budget, and both are much more closely associated with the relocation program than I am.

As a matter of fact, Mr. Cohn is the man who has carried the burden in the Office of Management and Budget in this important program.

Mr. Chairman, I might say, before I begin, to Congressman Anderson, who inquired about California, no agency has reported any problems now existing in California with respect to implementation of the act.

We are running last minute checks in the agencies as a double check, but in terms of the programs; that is, the need to extend time for California to arrange for eligibility, no set problem has occurred.

Now, that is quite apart from financial problems, but I am sure a good many of the communities have financial problems.

My appearance today is at the request of Chairman Blatnik to furnish the views of the Office of Management and Budget on proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

The Public Works Committee and this subcommittee are to be commended for their efforts and leadership in the development of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. We are particularly indebted to this subcommittee for its development of the Federal Aid Highway Act of 1968 which contained provisions which were the model for our present relocation assistance legislation.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 provides for the uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs and it establishes uniform and equitable land acquisition policies for these programs. This legislation culminated extensive efforts by both the executive and legislative branches of Government to assure that all persons displaced by programs financed by the Federal Government would be treated alike and fairly.

The legislation was enacted because the application of traditional concepts of valuation and eminent domain resulted in inequitable treatment for large numbers of people displaced by public action. When applied to densely populated urban areas, with already limited housing, the results frequently were catastrophic for those whose homes or businesses had to give way to public needs. The result too often has been that a few citizens were called upon to bear the burden of meeting public needs.

The legislation eliminated the serious inconsistencies that existed between Federal and federally assisted programs with respect to the amount and scope of payments, other assistance provided, and assurances of housing offered. It provides for fair relocation payments, advisory assistance, assurance that comparable, decent, safe, and sanitary replacement housing will be available for displaced persons prior to displacement, economic adjustments and other assistance to owners and tenants displaced from their homes, businesses, or farms. It establishes a uniform policy on real property acquisition practices for all Federal and federally assisted programs.

A number of bills to amend the Uniform Relocation Assistance Act have been referred to the committee. The most significant provisions of all these bills have been incorporated in S. 1819, which was passed by the Senate on April 12, 1972. Accordingly, I will confine my testimony to Senate passed S. 1819.

Subsections (a) and (b) of S. 1819 would amend sections 207 and 211(a) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to make permanent the present transition provisions requiring the United States to pay the full cost of the first $25,000 of relocation payments and assistance with respect to a displacee.

Section 207 of the act provides that whenever real property is furnished by a State agency as a required contribution incident to a Federal program or project, such State agency must make all relocation payments and provide all assistance assurances required of a State agency by sections 210 and 305 of the act. In order to assist the State agencies to implement the act as soon as State laws permitted, the act provided a transition period until July 1, 1972, during which the Federal Government would contribute the first $25,000 of the cost of providing relocation payments and assistance and other new acquisition payments required in title III.

Proposed subsection (a) of S. 1819 would amend section 207 by making permanent the transitional requirement that the Federal Government pay for all relocation payments and assistance up to $25,000 for each displacee. We strongly oppose this amendment. Such a provision would permanently set aside the obligation of the State agency to furnish the land incident to a project by requiring the Federal Government to share in its acquisition cost. Relocation expenses are incurred when land is acquired and should be considered as part of the cost of land. Thus, the State agency required to furnish land incident to a Federal project should also be required to pay the relocation costs which are basic to such land acquisition.

The second amendment included in S. 1819 concerns section 211(a) of the act. Section 211(a) currently provides that relocation and other new costs incurred as a result of compliance with the Uniform Relocation Assistance Act shall be included as part of the cost of the program or project for which Federal financial assistance is available. That section further provides that the State agency is eligible for Federal financial assistance with respect to such payments and assistance in the same manner and to the same extent as other program or project costs. To assist the State agencies to implement the act as soon as possible, section 211 also included a transition period until July 1, 1972,

during which the Federal Government will pay 100 percent for these relocation costs up to $25,000.

S. 1819 would amend section 211(a) of the act to make permanent the transitional requirement for the Federal Government's reimbursement of 100 percent of all relocation costs up to $25,000 for each person. The Office of Management and Budget opposes this amendment. Relocation payments should be treated like any other element of a project and should be subject to the usual requirement for cost sharing. If local agencies were required to pay a share of relocation cost, we believe they would be more careful about site selection and hopefully, reduce the amount of displacement. We regard this as important.

The selection of sites where displacement will be minimal would be beneficial both from a cost point of view and more important, also to people who otherwise would be uprooted from existing homes.

On the other hand, if the Federal Government is expected to pay 100 percent, there is little State or local incentive to reduce costs by considering alternate sites, and the result of the selection could cause displacement of people which might otherwise be avoided.

We do not think it would occur in every case, but we think the incentive for uprooting the people would be lessened.

An argument is made that the Federal Government should reimburse these new costs 100 percent because they are incurred pursuant to a Federal requirement. Relocation assistance, however, is only one of many requirements that the Federal Government imposes in granting funds for projects which raise the cost to grant recipients.

For example, adherence to the Civil Rights Act, the maintenance of minimum wage and other labor standards, environmental requirements, sociological considerations, and others place a financial burden on State and local governments. These burdens are voluntarily accepted in order to participate in Federal grant programs.

We understand that another of the major reasons for making permanent the provisions requiring the United States to pay the full cost of the first $25,000 of relocation payments and assistance with respect to any displacee is the present fiscal crisis which State and local governments are facing.

We agree that they are facing very serious financial problems.

We appreciate this problem and have taken important steps to help cope with it. The President has proposed general and special revenue-sharing bills which have been sent to the Congress for action.

General revenue-sharing legislation has been reported by the House Committee on Ways and Means which would add $7.2 billion to State and local government receipts during the next 12 months.

And I am not aware of any exclusion provision which would prohibit relocation costs from being included with other project costs.

Perhaps after this session we can discuss this question with the National League of Cities, because this is not information that has come to our attention.

It certainly is not consistent with the revenue concept as the President proposed it to Congress, and in my judgment, it would run counter to the principle in which the elements of cost—all the elements of cost of a program to be covered by the general revenue sharing were regarded as included. The application of allocated funds to

programs, of course, would be at the option of State and local governments.

In addition, proposed changes in Federal welfare programs will add substantial funds to State and local governments. With the prospect of these funds, we do not believe there is any reason to distort the sharing provisions of programs covered by sections 207 and 211(a) of the act to deal with the fiscal problems of State and local governments. Accordingly, the administration opposes subsections (a) and (b) of S. 1819.

Subsection (c) of S. 1819 would amend section 221(b) of the act to extend the effective date for compliance by State agencies to July 1, 1973, or the end of the 30-day period which begins on the last day of the first regular session of the State legislature commencing after July 1, 1972, whichever is earlier, and further would require that State agencies may not displace individuals until they can assure them replacement housing.

Within a short period after Public Law 91–646 was enacted, staff of the Office of Management and Budget and other Federal agencies met with representatives of the National Governors' Conference, the Council of State Governments, and the National League of Cities to review what steps could be taken to bring this matter to the attention of the State legislatures. We assisted in drafting a model bill which was transmitted to State legislatures and the Governors of each State by the Council of State Governments and the National Governors' Conference on March 3, 1971.

And I would like to commend the public interest groups for this interest, concern, initiative, and action in helping to bring this about.

In December 1971, staff of the Office of Management and Budget, in cooperation with staff of the National Governors Conference and the Council of State Governments developed a three-step plan to emphasize, for the benefit of State governments, the need for comprehensive implementing legislation in those States which had not yet acted.

As the first step, the Vice President, on February 2, 1972, sent a letter to each Governor and to the majority and minority leadership in each State's legislature to bring to their attention the necessity for comprehensive implementing legislation.

In the second step, the Council of State Governments and the National Governors' Conference sent a copy of the Vice President's letter, together with the model legislation, to the Governors and to the legislature. These letters were sent on February 14, 1972.

The third step called for the Director of the Office of Management and Budget to advise the heads of departments and agencies of the Vice President's letter and of the action taken by the National Governors' Conference and the Council of State Governments. Each agency was requested to cooperate with representatives of State governments as necessary to assure full implementation of the Relocation Assistance and Real Property Acquisition Policies Act of 1970. The Director's memorandum was issued February 18, 1972, to all departments and agencies.

Extension of the effective date of the act would permit the continuation of grant programs beyond July 1, 1972, but a simple extension of the act's effective date would continue uprooting of people whether or not there is replacement housing in those States not complying with

the act. The extension would continue in those States which are not complying with the act, the inequities which the Uniform Relocation Assistance Act was designed to correct.

We believe that the Uniform Relocation Assistance Act enacted January 2, 1971, provided sufficient time for States to enact appropriate legislation to implement this law. The executive branch and various public interest groups have taken a series of steps to inform State agencies of the implications of the effective date provisions in the act.

The Office of Management and Budget therefore opposes this amendment unless it can be demonstrated that more time for appropriate State implementation is justified.

I might say that the information which has been coming in with respect to the State of Georgia suggests that Georgia may have a serious problem, and it may be that something would really have to be done to deal with that kind of situation.

Subsection (d) of S. 1819 would add section 222 to the act to provide for interim relocation assistance and real property acquisition expenses during the period from July 1, 1972, through June 30, 1973, or until the State comes into compliance with the act. Proposed subsection 222(a) would provide that the head of the Federal agency authorized to provide Federal assistance to a State agency in a State not in compliance shall take all steps necessary to insure that payments, assistance, and services to displaced persons and expenses to property owners that are authorized by the act shall be provided. We appreciate the objective of this provision which is intended to ameliorate the effects of extending the effective date of the act.

However, a number of Federal agencies consider this requirement to be extremely costly and burdensome to administer, particularly where State agencies are unable, under State law, to provide the required payments and services, even with the proposed 100 percent Federal financing. This is because most Federal agencies responsible for administering federally assisted programs are not staffed to carry out the types of assistance which would be required by section 222(a).

It would apply for a limited period, for a limited number of programs in a limited number of areas. These agencies lack the expertise of background experience in this highly specialized activity and the development of a staff to perform these services for a brief interim period would be inordinately burdensome.

I would like to add to my statement, the more we analyze this amendment, the more concerned we are that this could draw the Federal Government into detailed planning and execution of local projects which I think is not consistent with the basic intent of the legislation. It certainly is contrary to the concept of revenue sharing and other steps that are designed to provide greater flexibility to State and local governments to manage their own affairs.

The reimbursement provisions of proposed subsection 222(b), provide that the State's share of funds paid by the Federal Government that are not repaid shall be deducted from funds available for new projects. This provision presents potentially serious problems. Effecting a reimbursement, even by offset, can be a complicated and troublesome process.

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Furthermore, in many of the cases the State agency to which the provision would apply would be a local government or local agency which may not have been in any way involved in the program activity giving rise to the need for reimbursement. We believe it would be unfair and unreasonable for assistance to such a State agency to be limited or reduced because of the failure of a State "to provide for reimbursement" or because of what was done or not done in connection with another Federal assistance program by another local government, State or local agency. In view of the above comments on subsection (d) of S. 1819, we recommend that it be deleted from the bill, although we are sympathetic to the objectives it seeks to accomplish.

Subsection (e) (1) of the bill would amend the definition of "State agency" so as to specifically include a State itself within that definition. We question the desirability of this amendment. It is technically defective in that it makes the reference to "any department, agency, or instrumentality" apply only where two or more States or political subdivisions are involved. Departments, agencies, or instrumentalities of a State currently covered would be eliminated by the proposed amendment.

If the committee believes it is necessary to add the term "State," the definition should also include departments, agencies, or instrumentalities of a State.

Subsection (e) (2) of the bill would add a new section 222 to the Uniform Relocation Assistance Act which would require that any Federal agency providing assistance to a recipient, other than a State agency, would be required to provide the benefits of the act to any person involuntarily displaced by such Federal assistance. The provisions of section 223 would be retroactive to the effective date of the act.

No estimate has been made of the total cost to be anticipated by the proposed amendment, but unquestionably, the amount would be very substantial.

The Department of Agriculture advises that proposed section 223 would impair the feasibility of some phases of its lending programs designed to help develop rural areas and would reduce the effectiveness, coverage, and number of recipients of program benefits.

For example, the Farmers Home Administration made 28,000 rural-housing loans in fiscal year 1971 to families to buy dwellings that were more than 1 year old and many of which were occupied by tenants. Section 223 would require the Federal Government to provide a relocation program for each of these tenants displaced by individual homeowners who obtain a Government loan.

We understand the Department of Agriculture believes that such a requirement would have a serious adverse impact on the Department's program to utilize and rehabilitate available housing for farmers. We also understand that the Department of Agriculture's farm ownership program, which has been effective in assisting about 12,000 families annually to buy family farms would, in their judgment, be similarly affected.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 clearly covers programs administered by units of Government. In the President's first annual report to the Con-

gress on the implementation of the act, a number of problem areas which need legislative action were noted.

It may be that some adjustments need to be made with respect to coverage of the act, and affected agencies are currently reviewing this matter. There are other problems emerging that we were not then aware of.

In particular, I know Secretary Romney is aware of this problem, and is working to solve it.

But we do not believe, however, that sufficient administrative or budgetary experience has been gained under the present law to warrant expanding its coverage to the numerous additional categories of beneficiaries who may become entitled to relocation payments under the proposed section 223.

Accordingly, in view of the problems noted concerning proposed section 223, we strongly recommend that it be deleted from this bill.

In summary, the Office of Management and Budget objects to the provisions of S. 1819, and recommends that it not be approved by your committee.

Thank you, Mr. Chairman. We will be happy to answer any questions the committee may have.

As I indicated earlier, Mr. Currie and Mr. Cohn are here to comment in more detail on the legislation, and there are other agencies to follow who can speak to these problems as they relate to agency programs.

Mr. HOWARD. Thank you very much, Mr. Ink, for your testimony, giving us the views of the Office of Management and Budget of the Administration.

Are there any questions on my right?

California?

(No response.)

Mr. HOWARD. Illinois?

Mr. COLLINS. Yes, Mr. Chairman.

Just one question.

You speak of the revenue sharing, and you state that through revenue sharing, perhaps, if I understood you correctly, that the cities or States would have enough funds for relocation purposes.

Mr. INK. Our view, sir, is that the revenue-sharing concept is a better approach to meet the financial problems, the financial crisis of the States and cities, than to distort the cost-sharing provisions of existing programs.

As one begins to set up special categories of cost, he creates different sharing ratios within the cost of a particular program.

Appealing as that often is to meet the problem at hand, this is precisely the way, Mr. Congressman, that the present administrative morass that we have in our grant-in-aid system has developed. Every problem is met with a special solution.

The problem is a real one, and our cities—and you know better than I, from your experience—the problems of the cities have been only belatedly recognized, and in some instances, not recognized at all. They are so complex, so numerous, that the temptations to move in a lot of different directions to meet these problems, and to move rapidly, with special solutions, is very appealing. But our view is that the

better approach is to focus as much of our resources and mobilize behind a revenue-sharing approach which provides funds to States and localities that are unfettered by detailed requirements, and provide the flexibility to State and local leadership to put those funds where they are needed the most and get the most benefit from them.

That is our philosophy.

Mr. COLLINS. Yes.

Because I found it a little bit inconsistent, because before going into revenue sharing, it stated that under the present proposal of 100 percent the location reimbursement here, that you felt that the cities programs, as turned out, might result in a greater displacement of people, and following that, you alluded to revenue sharing, and I was trying to get your thinking there.

Mr. INK. Under revenue sharing, although the locality has great flexibility as to where it spends its funds, there is also the incentive to spend the funds prudently, and there is an incentive to minimize the amount of uprooting of people consistent with good planning.

That incentive, we think, is removed by the approach that is in S. 1819.

Mr. COLLINS. Fine.

Then I understand you correctly in saying, in my words, that with a city or State having their own funds through revenue sharing——

Mr. INK. Yes.

Mr. COLLINS (continuing). They would be given even more of an incentive to carry out the relocation program in its best manner, whereby if they had a 100-percent reimbursement here, it might not provide them with the same kind of incentive.

Mr. INK. Yes. That is right.

Mr. COLLINS. I am satisfied.

Thank you, Mr. Chairman.

Mr. HOWARD. Mr. Ink, you stated that Secretary Romney is concerned about section 223, and is reviewing it now. You also stated that the executive branch, through HUD, is reviewing its position on Rehab, and considers it a problem.

Mr. INK. Yes.

Mr. HOWARD. And in your testimony, you state, in expressing the administration's view, you strongly recommend that section 223 be deleted from the bill.

Is there a big difference downtown about it, and if Secretary Romney should feel that perhaps some of the provisions of 223 should be eliminated, will he be in opposition to the rest of the administration——

Mr. INK. Well, I will speak to it, and then, Mr. Jackson, I believe, is going to appear shortly. He can speak better than I can to Mr. Romney's concern.

Secretary Romney, as I said, is concerned with this problem.

We feel that the legislation, as proposed here, would cause very significant problems. We also recognize that there are coverage problems that are emerging and it may well be that some type of legislation is required.

We think that this problem area has not been adequately thought out for us to be in a position to offer the solution to it.

I have to tell you that I do not have what I think is the solution to it, and we are looking to the agencies to examine the problem, and to come in as to how it could be dealt with. It is not an easy problem. I find most of these are deceptively complex issues as we begin to move into them.

We found problems with the legislation as it has been advanced, and we do not have in hand how the problem should be dealt with, Mr. Chairman.

Mr. HOWARD. The Secretary is looking into it. Could we save him and his Department a great deal of time, should he come up with the feeling that perhaps this section is acceptable?

Mr. INK. Well, Mr. Chairman, I would rather wait and see what the Secretary comes in with as his recommendation, instead of trying to respond as to how we would react to his proposal.

Mr. HOWARD. In spite of the fact that he is reviewing it, and publicly stating you do not have the recommendation now, you would state that the administration is strongly opposed to it?

Mr. INK. Yes. We are opposed to this particular section since it would cause problems in many of our programs, but we are not ruling out other proposals on this point.

Mr. HOWARD. No matter what the Secretary may come up with concerning this section, if he has come up in favor of it, the administration would still be opposed—I am not saying he will not, but we cannot assume that here, and we are taking your statement that he is looking that over without anything predetermined.

Mr. INK. What I intend to convey is that it is my understanding that he is looking at the problem.

He is looking at the problem, and I am not aware that he supported this particular provision in its present form.

Mr. HOWARD. I presume none of us know whether he is still looking at it.

The gentleman from New Hampshire.

Mr. CLEVELAND. No questions.

Mr. HOWARD. The gentleman from Indiana.

Mr. ZION. Mr. Ink, I am happy to see you here.

I think you perform an essential function, and we have a bill before our committee at this point which could cost $2 trillion, if implemented by the Senate, and we feel very strongly that we should greatly increase the Federal funding for highway construction, and save lives on the highway, and while we are doing this, with good intent on our committee, the people at HEW feel we should have quality education, which means increasing educational expenses by the Government to several billion dollars, while having great pressure to expending great amounts for expanded health care, and we have had people from the States to come before us and tell us that they have severe financial problems, and because they are unable to fund them at the local level, they feel the Federal Government, whoever that is, a composite in the State and local areas, should pick up the tab.

Now, I further reiterate that you are performing a most vital function, because in everyone's opinion, everyone you talk to who has a great desire for increased Federal spending, they tell us the answer is, first, to take the money away from other programs, and

the buck stops somewhere, and that is in your office, and you have to take the view of trying to figure out how best to benefit the country, and you have to be realistic in expending funds, and the same thing is true of housing, and so forth.

Now, the question is, then: When we recognize it is a question of priority, and this is your job, to try and evaluate priorities, and your opinions of the fiscal position of the local communities, are they greater or lesser than the Federal Government?

Do we have any inexhaustible source of cash here that we could dole out at will to those who have no responsibility of collecting it, but who have the fun of spending it?

Mr. INK. Before I answer this, I should tell the committee that my role is on the management side of the Office of Budget and Management, and not the budget, and I will not carry this program discussion too far, but let me say this:

We view the fiscal problems as very serious problems at all three levels of Government.

I do think, though, in my own personal view, that the taxing and revenue problems at the local level are certainly very severe, and they are also very difficult at the State level, and this is one of the reasons behind the concept of revenue sharing, because the taxing structure, as it now stands, I think, does give the Federal Government a greater capacity to meet some of these problems, or to help with some of these problems. I do regard the local problems as very serious.

I think that in a number of instances there are things that the local governments can do that they are not doing now to help their own situation.

I do not think their efforts are enough, however, without additional Federal assistance. I would applaud the League of Cities, for example, in a publication they recently had, and came out with an article called "bootstrap," listing what local government can do and is doing now to help itself, other than looking to the Federal Government for help.

Having said all that, however, I think it is vital that they have additional assistance from the Federal Government.

And we think that revenue sharing is the best way to provide that money.

Mr. ZION. You think the Federal Government, rather than local government, should establish the guidelines for the programs to be implemented?

Mr. INK. I think there is a need for some categorical grants with guidelines, particularly in an area where there is a strong national goal that is desired, or financial leverage, that is desirable. I think in such areas as the civil rights area, for example, there has been a need for strong Federal leverage.

General revenue sharing, as I indicated earlier, is not a substitute for existing categorical grants.

But we feel that revenue sharing and block grants, that type of approach in which the Federal Government gives greater flexibility to State and local governments to meet their own problems and defines only the requirements necessary to achieve those things which are basic national goals, such as I mentioned concerning civil rights and environment, is the direction in which this country should be moving.

Mr. ZION. Just a final sort of philosophical question, but an important one, Mr. Ink.

Why is it when a mayor or city council or county council wants to raise taxes to improve the school situation, or pay the police and firemen more, or whether they want to do some urban renewal, why is it that the local citizens will throw them out of office immediately, and yet, on the Federal level you can go billions for this, and billions for that, and there is no such violent citizen reaction on spending at the Federal level?

So, do you have any opinion as to why this is true?

Mr. INK. One answer is that the mayor, and to some extent, the local councilmen——

Mr. ZION. Or the Governor.

In Indiana, I know that if he wishes to spend additional money, that is the end of him.

He can always talk about increasing the funding for roads, police departments, et cetera, but if he ever tries to raise the money for it, he is not elected.

Mr. INK. The increase in the funds needed for the public use has had a more serious impact on the elected people than has been true of income taxes, I think, largely, because of the withholding nature of income taxes.

The impact seems to be less visible, and, by and large, less notable.

Now, certainly, as you well know—as you gentlemen in Congress should well know, the Federal Government is not immune to this kind of concern.

I think it would be unfortunate in this country if tax increases were easy to come by.

I think it is important to have a form of government in which citizen concern about taxes is a very real type of thing, and I think it is even more important that it seems to impact even more heavily at the State, and even more heavily at the local level.

I have served in local government, and I know what you are talking about.

Mr. CLEVELAND. Will the gentleman yield?

Mr. ZION. Yes.

Mr. CLEVELAND. I am interested in the answer from the witness. This may be off of the point we are talking about, but I think one of the reasons I would like to suggest for the situation is that people in Washington can get away with spending more than they could back home because we have established several protective layers between ourselves and the people.

I would say that your over-growing office is the result of the spending habits of Congress.

We not only authorize, but appropriate, and then you impound. [Laughter.]

Mr. ZION. You make a wonderful scapegoat for us.

We write violent letters, saying how dare you hold back the money, after we put a debt limit on you.

Mr. INK. There is no doubt that we serve an important function. [Laughter.]

Mr. CLEVELAND. And the fourth estate adds in protecting the people with probligate habits, because there are many people back home who do not know who the spenders really are.

I am glad the gentleman raised the point.

Mr. HOWARD. The gentleman from North Carolina.

Mr. MIZELL. Thank you, Mr. Chairman.

One point on the colloquy between Mr. Cleveland and Mr. Zion on taxes: I represent the Fifth District of North Carolina, and, believe me, my people are becoming more and more concerned about taxes, whether it is on the local or Federal level.

But just for the record, Mr. Ink, the responsibility for selecting sites for housing developments or selecting the routes for your Federal Highway System, this is a complete and total responsibility of the Federal Government, is that not true?

Mr. INK. No; it is a State and local government responsibility within the legislative guidelines.

Mr. MIZELL. When you say "legislative guidelines," you do not mean the legislative guidelines.

Mr. INK. No, not the specific location.

Mr. MIZELL. And if I followed your testimony, are you saying here that if in the case of a Federal highway, that if the State had the responsibility for assuming all the costs of that relocation, that they might put that highway a half a mile outside of town instead of running it through a residential section?

Mr. INK. I do not know about that particular example, but we do think that whether it is a highway, or some other kind of project, that if the State and local government shares in the cost of that project, they are going to be more concerned about the cost impact, and, also we would hope, more concerned about the displacement of people, which would add to that cost.

Now, we are concerned about people concerning loss, but cost is another element of incentive involvement here.

Mr. MIZELL. I think in the cost of a highway, the cost of constructing that highway would show a tremendous difference in terms of coming on the outside of town, rather than through a residential section, would it not?

Mr. INK. That is true.

Mr. MIZELL. And there is confusion among people as to just where the responsibility for the location of a housing project or the highway really rests because of the Federal money that is going into these areas, and in their frustration, many times, they turn to the Federal Government because of the money they are putting into these projects.

Mr. INK. Well, yes, sir; this is why we are so concerned about the provisions of section 223 of the act which would tend to draw the Federal Government more deeply into the detailed operation, planning, and execution of the projects.

It would not apply across the board, but in some areas it could draw the Federal Government more deeply into the detailed operation, planning, and execution of the projects.

It would not apply across the board, but in some areas it could draw the Federal Government more deeply into local management.

Mr. MIZELL. Well, I think that while I am going through and being completely supportive of the concept of revenue sharing, I served in local government as well.

I was chairman of the county commissioners in my home county, and I saw the local tax dollar dried up in trying to take advantage of the categorical grants which require matching funds from the local level, and many times we were not left with funds in order to do the things that needed to be done in our local community.

So the spending of our dollar was dictated from Washington, as a result, I have endorsed the revenue-sharing concept, but in sharing of the revenues, I also firmly believe that the local government and communities and States must assume the responsibility for the spending of those funds, and the local people must know where the responsibility rests so they can go to the local officials.

And I believe, in the long run, they will get better government in this case, but I am not one of those that believes that in handling the Federal dollar down that we have had to raise at the Federal level, to allow people to use and play Santa Claus with, and I think they must use judgment with it, and I appreciate your appearance here this morning.

Thank you, Mr. Chairman.

Mr. HOWARD. Thank you, gentlemen.

We are happy to have you here, and happy to receive your testimony.

Your testimony will be considered seriously by the subcommittee and the committee.

Mr. INK. Mr. Chairman, could I add just one quick comment, please?

There was a reference made as to the timetable of the guidelines that were issued.

These guidelines were issued February 27, 1971, and these were guidelines on which the whole program could and did become operational.

The reason that the permanent guidelines, the primary reason that they were issued at a considerably later date was to provide an opportunity for two things: To get some early experience that might be ground into and reflected in the permanent guidelines, and to provide an opportunity to consult at length, which we did, with members of this committee and its staff. We had extensive discussions with them, and members of the public interest groups, so we could have their view.

This is the reason, Mr. Chairman, for there being a difference in time in the interim guidelines and the final guidelines, and there were no major changes in the final guidelines from the interim guidelines.

Mr. COLLINS. Mr. Chairman.

Mr. HOWARD. Mr. Collins.

Mr. COLLINS. If I may, turning back again to the legislation on revenue sharing, it has been reported out of the Committee of Ways and Means to add $2.7 billion for the next 12 months.

I might request that you research that legislation to see if relocation is listed as one of the priorities.

I do not believe that it is.

Mr. INK. I think we owe that to the committee, and we will consult with the Ways and Means Committee, and get back to you.

Mr. COLLINS. Thank you.

Mr. HOWARD. Thank you very much.

The next witness is Mr. Samuel C. Jackson, Assistant Secretary for Community Planning and Management of the Department of Housing and Urban Development.

Mr. Jackson, thank you for appearing here this morning.

We have your prepared statement and, without objection, it will be made a part of the record.

(The statement referred to follows:)

STATEMENT OF SAMUEL C. JACKSON, ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND MANAGEMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. Chairman, I am pleased to have the opportunity to appear before the Subcommittee on Roads to present to you the Department of Housing and Urban Development's views on the proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

I want to take a few moments to discuss some of our experience to date in administering the Uniform Act and to indicate some of the areas in which problems may exist.

The Relocation Assistance and Real Property Acquisition Policies Act of 1970 provides for the uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs, and it establishes uniform and equitable land acquisition policies for these programs. It provides for fair relocation payments, advisory assistance, assurance that comparable, decent, safe, and sanitary replacement housing will be available for displaced persons prior to displacement, economic adjustment and other assistance to owners and tenants displaced from their homes, businesses or farms. It establishes a uniform policy on real property acquisition practices for Federal and federally assisted programs.

Upon the Act's passage, the Department sent interim instructions to all HUD-assisted local agencies indicating how the Act would be applied to HUD programs. Our implementing regulations were published in the Federal Register on May 13, 1971, and our field procedures were issued in July 1971.

To implement these issuances we have conducted a training program to instruct both our Regional and Area Office personnel and local agency staffs. This has been a continuing program with the Regional Relocation Advisors taking a lead role. Supplementing the Department's efforts have been meetings and discussions called by different groups, such as NAHRO, in which HUD personnel have taken an active role. As an example of our continuing effort to advise HUD field personnel we recently transmitted to our field offices over 100 questions and answers to assist in further implementation of the Act. We are presently in the process of preparing answers to additional questions as they arise. Within a few weeks our Regional Relocation personnel will be meeting to discuss better and more efficient ways of administering the Act.

With legislation so comprehensive and far-reaching, it is not surprising that some problems have arisen during the course of our administration of the Uniform Act concerning its coverage. In several HUD programs participants include both State agencies and private sponsors. Thus we have some programs where the Act applies to only some projects which cause displacement.

An example of this situation with which you are familiar, Mr. Chairman, our assisted housing programs such as Project Rehab, when carried out by private sponsors (as is usually the case) rather than by State housing agencies.

A similar problem has confronted us in the College Housing program. Displacement by a *public* institution receiving assistance under this program is covered by the Act, but the Act does not to require the same protection, payments, and assistance for persons displaced by a *private* college or university receiving the same kind of assistance and conducting essentially the same kind of activity.

An additional problem is our inability to extend the benefits of the Act to persons whose displacement does not involve the acquisition of real property but is not covered by the exception provided in section 217 of the Act. Public housing modernization and Project Rehab are two good examples of this. If the housing to be rehabilitated or modernized is located in a renewal or model cities area, any displacement can usually be covered, but if it is outside any such area, it is also outside the scope of the Act.

One other administrative problem should be mentioned because it is one that would continue should full Federal funding of the first $25,000 of relocation costs for each displaced person be extended. Included in this amount of full Federal funding are the costs of both payments *and assistance*. Prior to the Uniform Act, when HUD was paying 100% of the cost relocation payments, the cost of assistance—that is, the administrative costs of a relocation program—were shared without any complaint or difficulty as just another project expenditure in all HUD programs.

Under the Uniform Act, however, elaborate bookkeeping on the part of our client agencies is needed to identify that portion of the cost of assistance and overall administration that is spent on each displaced person, because such costs are often elusive and hard to pin down on a per person basis. It is doubtful that the advantages that full Federal funding affords to local agencies sufficiently outweigh, or perhaps even balance, the administrative burden thus imposed.

In addition to these problem areas that I have just noted we have some problems in implementation in certain States. Under the Uniform Act Sections 210 and 305 will be completely applicable to all States and therefore require State compliance to those provisions after July 1972.

The States have made very considerable progress in bringing themselves into full compliance with respect to HUD programs. As of this date, our Office of General Counsel feels that there are 12 States in which there are clear or possible impediments to full compliance with the Act. The number alone, however, tends to exaggerate the nature of the problem. In five of these States—North Carolina, Arkansas, Louisiana, Oklahoma and Texas—the inability of State agencies to comply is narrowly limited to grants for concentrated code enforcement under section 117 of the Housing Act of 1949. In five other States—Alabama, Illinois, Michigan, Minnesota and Wyoming—the inability to comply is less narrowly limited, but compliance is still possible with respect to many HUD projects. Further, in the latter five states we are hopeful that the problem will be completely cleared up by June 30, 1972, by either the passage of curative legislation or the issuance of a favorable Attorney General's opinion.

Two States—Georgia and Nevada—will clearly not be able to fully comply with the Act on July 1, 1972. In Georgia, the legal impediment apparently stems from the Georgia constitution and a proposed constitutional amendment will not appear on the ballot until the general election in November 1973. In Nevada, the Attorney General has issued an opinion holding that State agencies cannot comply with the Act for most HUD programs. Accordingly, Nevada cannot be brought into full compliance until its next legislative session which will commence in January 1973.

I would now like to turn to the bill passed by the Senate and currently before this committee—S. 1819. For point by point comments on each of the provisions of this bill, we refer to the testimony of Dwight Ink, Office of Management and Budget. I will confine my comments to several provisions where the relevant circumstances affecting HUD programs and interests seem to be worth special comment.

The first of these situations involves the matter of cost sharing and the provisions in the bill which would make permanent the temporary provisions now in the law requiring that the Federal Government pay the full cost of certain relocation payments and assistance with respect to certain displacees.

Since our Department has been funding the entire amount of relocation costs up to $25,000 even prior to enactment of the Uniform Act, it would appear, theoretically, that cost sharing would involve a greater adjustment in established patterns in the case of HUD programs than in the case of most other federally assisted activities. This conclusion, however, is likely to be misleading. For one thing, several of our programs with displacement impact—public housing and model cities—do not require any local sharing in regular program or project development costs and thus would not be affected at all if cost sharing for relocation payment went into effect. Also, projects covered by contracts entered into before the effective date of the Uniform Act would not be affected in view of an opinion of the Comptroller General that allows continuation of these projects with full Federal funding.

As to future projects of the Department, we anticipate that these will be carried out under some form of urban community development special revenue sharing. Legislation to authorize such a program has already been passed by the

Senate. Under special revenue sharing, project costs will probably be funded at least at 90 percent—and hopefully at 100 percent as recommended by the Administration. Given this kind of funding, the impact of relocation cost sharing on future program and projects should be far more limited than under current cost sharing formulas.

I do not mean to deny that there are HUD projects that will be affected by cost sharing and thus communities with an interest in the provisions of S. 1819 that would make full funding of certain costs permanent. These would be projects under contracts entered into after the effective date of the Uniform Act which do not have enough "in kind credits" to apply against local share requirements or which may involve an under-estimation of relocation costs.

A second provision of S. 1819 which warrants special comment in terms of Departmental programs is subsection (e) which would add a new section 223 to the Uniform Act. This new section would extend the benefits and protection of the Act to persons who are involuntarily displaced as a result of projects undertaken with Federal financial assistance by private persons, partnerships, corporations or associations.

This provision would cover most displacements resulting from private housing projects receiving assistance payments under programs of our Department. Included would be the rehabilitation projects which, of all HUD-assisted housing, have presented the most difficult relocation problems.

We are not currently in a position to assess the full impact of this provision, which of course relates to programs of other departments and agencies as well as to our own. We recognize, however, that there are inequities in the case of HUD-assisted projects and we are currently studying both administrative and possible legislative solutions to the problem.

We think it is unlikely that the questions involved in our study and those related to coverage of programs of other agencies can or should be resolved on the hasty basis that would apparently be required if section 223 is to be considered along with most of the other provisions in S. 1819. Accordingly, we believe consideration of this problem area should be deferred with the understanding that it is the subject of ongoing Executive branch review and examination.

In view of the above we cannot support enactment of S. 1819, as it is before you.

Mr. HOWARD. You may proceed as you wish.

STATEMENT OF SAMUEL C. JACKSON, ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND MANAGEMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; ACCOMPANIED BY ARTHUR TROILO, DIRECTOR, OFFICE OF COMMUNITY AND ENVIRONMENTAL STANDARDS; AND DON PATCH, SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR COMMUNITY DEVELOPMENT

Mr. JACKSON. Thank you, Mr. Chairman.

I have with me this morning Mr. Arthur Troilo, Director of the Office of Community and Environmental Standards, and Mr. Don Patch, who is the special assistant to the Assistant Secretary for Community Development, where most HUD payments for relocation are made, and representatives of our General Counsel's staff.

Mr. Chairman, I think the matters that I include in my statement would require that I go through the statement because I am primarily interested in commenting on the experience that we have had in administering the Uniform Relocation Act and its conception.

Mr. Chairman, I am pleased to have the opportunity to appear before the Subcommittee on Roads to present to you the Department of Housing and Urban Development's views on the proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

I want to take a few moments to discuss some of our experience to date in administering the Uniform Act and to indicate some of the areas in which problems may exist.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 provides for the uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs, and it establishes uniform and equitable land acquisition policies for these programs.

It provides for fair relocation payments, advisory assistance, assurance that comparable, decent, safe, and sanitary replacement housing will be available for displaced persons prior to displacement, economic adjustment and other assistance to owners and tenants displaced from their homes, businesses, or farms.

It establishes a uniform policy on real property acquisition practices for Federal and federally assisted programs.

Upon the act's passage, the Department sent interim instructions to all HUD assisted local agencies, indicating how the act would be applied to HUD programs. Our implementing regulations were published in the Federal Register on May 13, 1971, and our field procedures were issued in July 1971.

To implement these issuances, we have conducted a training program to instruct both our regional and area office personnel and local agency staffs. This has been a continuing program with the regional relocation advisers taking a lead role.

Supplementing the Department's efforts have been meetings and discussions called by different groups, such as NAHRO, in which HUD personnel have taken an active role.

As an example of our continuing effort to advise HUD field personnel, we recently transmitted to our field offices over 100 questions and answers to assist in further implementation of the act.

We are presently in the process of preparing answers to additional questions as they arise.

Within a few weeks, our regional relocation personnel will be meeting to discuss better and more efficient ways of administering the act.

With legislation so comprehensive and far-reaching, it is not surprising that some problems have arisen during the course of our administration of the Uniform Act concerning its coverage.

In several HUD programs, participants include both State agencies and private sponsors. Thus, we have some programs where the act applies to only some projects which cause displacement.

An example of this situation with which you are familiar, Mr. Chairman, is our assisted housing programs such as Project Rehab, when carried out by private sponsors—as is usually the case—rather than by State housing agencies.

A similar problem has confronted us in the college housing program. Displacement by a public institution receiving assistance under this program is covered by the act, but the act does not require the same protection, payments, and assistance for persons displaced by a private college or university receiving the same kind of assistance and conducting essentially the same kind of activity.

An additional problem is our inability to extend the benefits of the act to persons whose displacement does not involve the acquisition of

real property but is not covered by the exception provided in section 217 of the act.

Public housing modernization and Project Rehab are two good examples of this. If the housing to be rehabilitated or modernized is located in a renewal or Model Cities area, any displacement can usually be covered, but if it is outside any such area, it is also outside the scope of the act.

One other administrative problem should be mentioned because it is one that would continue should full Federal funding of the first $25,000 of relocation costs for each displaced person be extended.

Included in this amount of full Federal funding are the costs of both payments and assistance. Prior to the Uniform Act, when HUD was paying 100 percent of the cost of relocation payments, the costs of assistance—that is, the administrative costs of a relocation program—were shared without any complaint or difficulty as just another project expenditure in all HUD programs.

Under the Uniform Act, however, elaborate bookkeeping on the part of our client agencies is needed to identify that portion of the cost of assistance and overall administration that is spent on each displaced person, because such costs are often elusive and hard to pin down on a per person basis.

It is doubtful that the advantages that full Federal funding affords to local agencies sufficiently outweigh, or perhaps even balance, the administrative burden thus imposed.

In addition to these problem areas that I have just noted, we have some problems in implementation in certain States.

Under the Uniform Act, sections 210 and 305 will be completely applicable to all States and therefore require State compliance with those provisions after July 1972.

The States have made very considerable progress in bringing themselves into full compliance with respect to HUD programs.

As of this date, our Office of General Counsel feels that there are 12 States in which there are clear or possible impediments to full compliance with the act. The number alone, however, tends to exaggerate the nature of the problem.

In five of these States—North Carolina, Arkansas, Louisiana, Oklahoma, and Texas—the inability of State agencies to comply is narrowly limited to grants for concentrated code enforcement under section 117 of the Housing Act of 1949.

In five other States—Alabama, Illinois, Michigan, Minnesota, and Wyoming—the inability to comply is less narrowly limited, but compliance is still possible with respect to many HUD projects.

Further, in the latter five States, we are hopeful that the problem will be completely cleared up by June 30, 1972, by either the passage of curative legislation or the issuance of a favorable attorney general's opinion.

Two States, Georgia and Nevada, will clearly not be able to fully comply with the act on July 1, 1972.

In Georgia, the legal impediment apparently stems from the Georgia constitution and a proposed constitutional amendment will not appear on the ballot until the general election in November 1972.

In Nevada, the attorney general has issued an opinion holding that State agencies cannot comply with the act for most HUD programs.

Accordingly, Nevada cannot be brought into full compliance until its next legislative session, which will commence in January 1973.

I would now like to turn to the bill passed by the Senate and currently before this committee, S. 1819.

For point-by-point comments on each of the provisions of this bill, we refer to the testimony of Dwight Ink, Office of Management and Budget.

I will confine my comments to several provisions where the relevant circumstances affecting HUD programs and interests seem to be worth special comment.

The first of these situations involves the matter of cost sharing and the provisions in the bill which would make permanent the temporary provisions now in the law requiring that the Federal Government pay the full cost of certain relocation payments and assistance with respect to certain displacees.

Since our Department has been funding the entire amount of relocation costs up to $25,000 even prior to enactment of the Uniform Act, it would appear, theoretically, that cost sharing would involve a greater adjustment in established patterns in the case of HUD programs than in the case of most other federally assisted activities.

This conclusion, however, is likely to be misleading. For one thing, several of our programs with displacement impact—public housing and Model Cities—do not require any local sharing in regular program or program development costs and thus would not be affected at all if cost sharing for relocation payments went into effect.

Also, projects covered by contracts entered into before the effective date of the Uniform Act would not be affected in view of an opinion of the Comptroller General that allows continuation of these projects with full Federal funding.

As to future projects of the Department, we anticipate that these will be carried out under some form of urban community development special revenue sharing.

Legislation to authorize such a program has already been passed by the Senate. Under special revenue sharing, project costs will probably be funded at least at 90 percent—and hopefully at 100 percent, as recommended by the administration.

Given this kind of funding, the impact of relocation cost sharing on future programs and projects should be far more limited than under current cost-sharing formulas.

I do not mean to deny that there are HUD projects that will be affected by cost sharing and thus communities with an interest in the provisions of S. 1819 that would make full funding of certain costs permanent. These would be projects under contracts entered into after the effective date of the Uniform Act which do not have enough "in kind credits" to apply against local share requirements or which may involve an underestimation of relocation costs.

A second provision of S. 1819 which warrants special comment in terms of departmental programs is subsection (e) which would add a new section 223 to the Uniform Act. This new section would extend the benefits and protection of the act to persons who are involuntarily displaced as a result of projects undertaken with Federal financial assistance by private persons, partnerships, corporations, or associations.

This provision would cover most displacements resulting from private housing projects receiving assistance payments under programs of our Department. Included would be the rehabilitation projects which, of all HUD-assisted housing, have presented the most difficult relocation problems.

We are not currently in a position to assess the full impact of this provision which, of course, relates to programs of other departments and agencies as well as to our own.

We recognize, however, that there are inequities in the case of HUD-assisted projects, and we are currently studying both administrative and possible legislative solutions to the problem.

We think it is unlikely that the questions involved in our study and those related to coverage of programs of other agencies can, or should be, resolved on the hasty basis that would apparently be required if section 223 is to be considered along with most of the other provisions in S. 1819.

Accordingly, we believe consideration of this problem area should be deferred with the understanding that it is the subject of ongoing executive branch review and examination.

In view of the above, we cannot support enactment of S. 1819 as it is before you.

Thank you, Mr. Chairman.

Mr. HOWARD. Thank you very much, Mr. Jackson.

We certainly appreciate your testimony.

Do you have any possible time line as to when these recommendations will go from the administration to the agencies?

Mr. JACKSON. No; I cannot say that, Mr. Chairman.

These things have just come to our attention.

We are collecting a lot of data about the program administration from all of the agencies that HUD provides grants to so that we can ascertain the extent and nature of the problem.

We think that if we proceed hastily prior to procuring that information, we might end up with the wrong remedy for the existing problem. And we think we will have that information in time for us to include it in the report that the President must make on relocation, which he will do on December 31 of this year. And we will have sufficient data so that Secretary Romney can consider what kind of recommendations he would make after that information has been properly digested and we determine the most appropriate remedy to resolve this emerging problem.

Mr. HOWARD. I am sure that the Department realizes that with the problems we have and the things that must be done, the people are looking, not to the Department or to the President, but to the Congress to act. So we would hope we would not be hasty but would be able to get recommendations as soon as possible so the Congress will have time to act——

Mr. JACKSON. I would like to call your attention to the opening statement by Mr. Kluczynski, and a question regarding Mrs. Green here in Washington, D.C., in regard to the problem that her family was having in remaining in housing that was being rehabilitated. We—Secretary Romney, working through the Washington area office—have had an opportunity to reassess that. I believe we have been able

to resolve that problem, and what stimulated the committee's interest in this pressing concern we believe will be largely resolved in relation to that case.

We wanted to bring that to your attention.

Mr. HOWARD. Mr. Jones of Alabama.

Mr. JONES. Mr. Jackson, I do not believe I have a copy of your statement, but you said something about revenue sharing.

Would you repeat that and give us a little bit more information, please?

Mr. JACKSON. I think you are referring to what I said, Mr. Jones, in the statement.

I indicated that, under special revenue sharing, project costs will be funded probably at 90 percent and, hopefully, with 100 percent by the administration——

Mr. JONES. Why do you talk about revenue sharing——

Mr. JACKSON. We are hopeful that this passes, and is now——

Mr. JONES. I thought you were hopeful——

Mr. JACKSON. Mr. Jones, the President has said this is the best way to respond to the pressing problems of local communities.

Mr. JONES. Yes. And Secretary Shultz said they were going to cut down to a deficit figure. And he gave a figure in the categorical grants that would give $3.5 million in revenue sharing.

Now, you cannot have it with one hand and take it away with the other.

Mr. JACKSON. I do not think that anything that Secretary Shultz said was designed to alter the full support of the President and his initiative concerning revenue sharing.

Mr. JONES. But he took that out of the total amounts of the expected deficits, showing how much would be saved in categorical grants if revenue sharing was passed. And so you are saying that on one hand "we are going to give you more, but we are going to take it away with revenue sharing."

Mr. JACKSON. I think, Mr. Jones, if you look at the 1973 appropriation request of the administration, it reflects an ample increase in money for both revenue sharing for urban community development as well as——

Mr. JONES. Well, I think it is significant that you would make your conjectures on revenue sharing.

Mr. JACKSON. Well, I thought it was most important that the committee understand that we believe the best way to approach the shortage of money at the State and local level is through general and special revenue sharing.

Mr. JONES. Well, I can appreciate your objective.

I hope we will have a different one in view within the next 10 days to 2 weeks.

Mr. HOWARD. Thank you.

I am sure——

Mr. JONES. Could I ask one more question before we conclude, please?

If you do not get revenue sharing, then you are not going to withdraw the advocacy you made today?

Mr. JACKSON. I am not going to withdraw what?

Mr. JONES. If you do not get revenue sharing, you are not going to discontinue what you have advocated here to the committee today, are you?

Mr. JACKSON. Well, I am sure the administration's total budgetary posture and appropriation posture would be reviewed in the light of such action.

Mr. JONES. That is not my question.

Of course, it is inevitable that the Bureau of the Budget is going to take a close look at any legislation that is sent up to it, but the question is that if you do not get revenue sharing, you do not want to alter your testimony for the objectives that you have sought in your testimony?

Mr. JACKSON. The objectives that we have referred to here——

Mr. JONES. Whether they come out as revenue sharing or——

Mr. JACKSON. That is right. Our objective is to identify existing problems and call it to the attention of the executive branch, which will continue.

Mr. HOWARD. Thank you.

I am sure that your statement about the revenue sharing bill that passed the Senate will come as a surprise to Wilbur Mills and the Senate.

Mr. JACKSON. I referred specifically to special revenue sharing for community development.

Mr. HOWARD. Thank you.

Mr. Collins.

Mr. COLLINS. Yes. Do you support the Conference of Mayors for recommendations for a 100-percent grant for relocation programs?

Mr. JACKSON. I support the positions that Mr. Ink has discussed, that any desire to provide additional amendments to this act needs to be the product of a more careful study by the administration of the program within the coming year.

I think he made it very clear that the departments are assessing what our experience has been, and to the extent that any modifications are needed, we would be prepared to make those recommendations to the executive branch. I do not think, therefore, that I would be able to support—personally desire to support—a position for 100-percent Federal funding prior to the completion of the studies.

Mr. COLLINS. Yet you point out that funding up to $25,000—after $25,000 for relocation—that the administration cost has not increased. And I was taking it that you were saying that if a 100-percent grant was given, that this, naturally, would mean less in cost, in administration cost, of finding the necessary papers and processing and determining what the relocation cost has been.

Mr. JACKSON. The point I was trying to make, Mr. Collins, is that I think we have discussed this issue of full Federal funding without making any kind of refinements as to what it does, in fact, mean.

I was trying to indicate as to the Model Cities program and public housing, the payments of relocation are 100 percent now, and will continue, because there is no local contribution, for instance, to public housing, and there is no local contribution for Model Cities funds to be used for supplementary programs to carry out their plans. I was trying to define the issue so you could see that a more careful response is

in order, rather than taking the simple approach of saying that what is needed is 100-percent Federal funding; because one gets the impression that the Congress has the opinion that this would have a similar effect on all Federal programs, and it would not have a similar effect on all Federal programs.

Mr. COLLINS. In drawing that analogy here, you were also pointing out that there would be less cost under a 100-percent grant than it would be otherwise.

Mr. JACKSON. It was not so much——

Mr. COLLINS. I know that was not your intent.

Nevertheless, it was brought out by your alluding to that particular analogy there, so far as the cost of saving in my opinion, a 100-percent grant here would begin to eliminate some of the present costs that we have.

Mr. JACKSON. Well, I was referring to S. 1 and its inclusion of administrative costs, as distinguished from relocation payments, and the burden imposed upon the cities of having to keep additional records to assign to each single case its proportionate part of those administrative costs, and to indicate that this burden might well offset the advantage to a locality of 100-percent Federal funding of administrative costs.

Mr. COLLINS. Also, under the present revenue sharing bill that is in the Ways and Means Committee now, and it has been reported out, relocation is not allowable as one of the priorities for the cities.

Mr. JACKSON. That is not our understanding, Mr. Collins.

It was not intended, of course, by the President, that relocation would not be an allowable expense, and it is not our understanding that that was intended by the committee.

However, as Mr. Ink indicated, we will certainly look into that, and I am sure he will advise your committee of the latest development on that work.

Mr. COLLINS. Thank you.

No further questions.

Mr. HOWARD. Counsel?

Mr. CORCORAN. Thank you.

In your statement, Mr. Jackson, you state that where Project Rehab is concerned the act does not cover it.

Those are HUD's regulations we are talking about, not the law, but HUD's regulations, are they not?

Mr. JACKSON. No; it is the act itself.

Mr. CORCORAN. Aren't we talking about the HUD interpretation of the act?

Mr. JACKSON. The act talks about State agency and State agency activity, and in most of our rehab work there is no State agency involved, as defined by the act.

Mr. CORCORAN. And you mentioned the case of Mrs. Green in Washington last week that came up.

Mr. Romney said that he is going to restudy the position on Project Rehab.

Has that started? Is that underway?

Is that an ongoing study?

Mr. JACKSON. It has just started, as more facts are called to our attention, and it is part of an expanded study to find out how universal this problem is.

We believe that it certainly extends to many communities, and we are trying to ascertain that, and determine what kind of remedies should be tailored to meet the problem, rather than to take a blunderbuss approach that may appear to be best, but is the product of a hasty response——

Mr. CORCORAN. Would not section 223 take care of Project Rehab?

Mr. JACKSON. It may, but it may well raise as many problems as it will take care of.

We have to look at different types of organizations and different types of private activity that we would want to be looking toward, and there is the whole question of determining eligibility, and the question of how you approach dealing with private institutions that have never had this kind of responsibility before, and S. 1819, section 223, as proposed, does not provide us at this point with a sufficient basis for concluding that it is the soundest approach to take to that problem.

It may very well be that what Secretary Romney eventually concludes and recommends to the executive branch may be similar, but we do not know at this stage. We think that it is premature.

Mr. CORCORAN. Secretary Romney was quoted in the Washington Post as favoring the adoption of whatever legislation is necessary to qualify rehab.

You do not like section 223. That is obvious.

Would you be willing to accept something else as Mr. Ink said today?

Mr. JACKSON. As Mr. Ink said, Secretary Romney is studying the problem, and he will make recommendations to the executive branch on what he believes will be the best way to solve the problem.

We have to be sure that what we do does not add to the project cost—that is, does not enlarge the mortgage—and make it more difficult to achieve what the program is all about, and how that is determined, it seems to us, should be a subject of research as to how the problem is evolving.

I can assure you that Secretary Romney will complete his study and recommend to the executive branch what is the best thing to do.

Mr. CORCORAN. Do you think that there is a substantial chance of existing legislation meeting with the approval of the executive branch?

Mr. JACKSON. I do not believe that any legislation at this time that grows out of the lack—the sparsity of information that we have on the subject—would meet with our approval at this time.

Mr. CORCORAN. HUD has spent over $100 million in a study by Arthur D. Little, on the rehab program; isn't that study being considered?

Mr. JACKSON. I do not know the exact amount of money, but that study has been very helpful on the subject of rehab, but it does not treat the subject of rehab under S. 1, or the problem of rehab, and that is the problem we have here.

The developers did not have the benefit of that study. The program has been underway for approximately a little over a year, and that study—I do not know when it started——

Mr. CORCORAN. April 28, 1972, is when it was completed.

Mr. JACKSON. I do not know when it was started.

Mr. CORCORAN. I do not have the date when it started.

Mr. JACKSON. The information we are accumulating now with regard to the program was not available to the authors of that study.

What we are doing is looking at the experience based upon data we are accumulating from the agencies, and we are digesting that, and we will make our recommendations to the executive branch based upon our experience.

Mr. CORCORAN. Will it be possible for the agency to provide the study to the subcommittee?

Mr. JACKSON. We will make it available.

Mr. HOWARD. Without objection, it will be included in the files.

Thank you, gentlemen.

Our next witness is Mr. Ralph R. Bartelsmeyer, Deputy Federal Highway Administrator.

Mr. Bartelsmeyer, if you will come forward, please, and identify your associates who are accompanying you, please. For the record, and for the sake of time, your statement will appear in full in the record at this point.

(The statement referred to follows:)

STATEMENT OF RALPH R. BARTELSMEYER, DEPUTY FEDERAL HIGHWAY ADMINISTRATOR

Mr. Chairman and members of the Committee, I am pleased to appear before this committee to comment on proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and administration of the Act by the Federal Highway Administration.

I am able to report at this time that with regard to the Federal-aid highway program all of our 52 State agencies can now comply with the relocation requirements of Title II. Fifty State agencies can now comply with the land acquisition requirement of Title III and we expect the remaining two States to be in compliance by July 1, 1972. Attached is a chart showing the present status of compliance.

From January 1, 1971, through December 31, 1971, we relocated 22,599 individuals, families, businesses, and farms and provided $43,742,970 in relocation benefits. I am providing for your information a copy of Instructional Memorandum (IM) 80-1-71 which the Federal Highway Administration has issued to implement the Act. This supplements the Office of Management and Budget Guidelines and Department of Transportation regulations. Our policies and procedures are being revised to reflect increased experience and to deal with minor problems that have developed.

In addition, we are providing the Committee with a notebook containing detailed information relative to our implementation of the relocation provisions of the Act.

This includes the following items: a summary of our implementing activities; a copy of our advanced funding proposal and model statute designed to assist States in achieving prompt compliance; moving expense schedules promulgated for nationwide use by all agencies covered by the Act; questions and answers concerning implementation of the Act; relocation statistics; and relevant procedural material.

We have not encountered any major problems in administering the Act; however, we have several comments on proposed amendments to the Uniform Act. In preparing our comments, we have focused primarily on S. 1819, which passed the Senate April 12, 1972, since it includes most of the proposed amendments contained in other bills.

The Department of Transportation does not favor the provisions in sections (a) and (b) of S. 1819, and similar provisions of other bills, which provide that the Federal Government shall continue to pay indefinitely the full amount of the first $25,000 of the cost to a State agency of providing payments and assistance for a displaced person under sections 206, 210, and 215 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

The existing provision of the Uniform Act, section 211(a), is similar to a provision contained in the Highway Relocation Act, Chapter 5 of Title 23, U.S.C. Both of these provisions provided temporary 100 percent Federal participation in the first $25,000 of relocation costs for a displaced person. These provisions were designed to provide 100 percent Federal funding during the transition period before the Acts became mandatory. They were incentives for the States to promptly enact enabling legislation and thus provide the monetary and other relocation assistance to their citizens at the earliest possible date. So far as the State highway departments are concerned this incentive proved a valuable tool for them in obtaining enabling legislation.

We would prefer to return to normal project sharing after July 1, 1972, as is presently provided by the Act. It is most logical to consider the costs of relocation as part of the total cost of a highway project, like planning costs or costs of right-of-way acquisition. Highway relocation costs, incurred pursuant to Chapter 5, Title 23, U.S.C., have been shared with States since July 1, 1970, and no problems have been encountered with this method of funding. Sharing of total project costs in this manner has long been an important part of the Federal-State partnership that exists in the highway program. Some type of legislation enabling States to make relocation payments has been enacted in every State since 1968. Not only does this legislation authorize State sharing of relocation costs, but often it authorizes State payment of relocation benefits on exclusively State or local projects where no Federal funds are involved. This demonstrates a willingness and ability of States to accept part of the costs of relocating its citizens.

An indefinite extension of 100 percent Federal funding may tend to cause State agencies to ignore the true financial costs and social impact of projects at the planning stage, since the State will have no direct financial stake in relocation costs. For example, if one project site considered by a State agency would cause no displacements and another site would cause a substantial number of displacements, a State agency might not fully consider the additional costs of the latter site attributable to relocation, since those costs would be paid by the Federal Government. In order to encourage comprehensive economic and social planning on the State level and to best protect Federal funds, we believe Federal cost-sharing on the normal project sharing ratio is necessary.

Requiring the Federal agency to pay the full amount of the first $25,000 of the cost to a State agency of providing payments and assistance for a displaced person under sections 206, 210, and 215, in effect, requires the State agency to record and maintain all of these costs on a displaced person basis. Certain relocation costs such as State salaries, expenses related to assistance and services, planning and other preliminary expenses for additional housing, and expenses for last resort housing, are normally charged to the project and are not now identified directly to a displaced person. Separation of these costs from other project costs would increase a State's administrative burden. Inclusion of the costs in those eligible for 100 percent funding, would, therefore, create special administrative problems.

Section (c) of S. 1819 would extend the effective date of the Act, with the exception of section 210(3), on all federally-assisted programs. Since we expect all States to be in full compliance with the Uniform Act with regard to the highway program on July 1, 1972, we do not feel this provision is necessary.

Section (d) of S. 1819 adds a new section, 222(a), that would require Federal agencies to "insure" that relocation services and the relocation payments are provided in any State that cannot comply with the Uniform Act during the period from July 1, 1972, through June 30, 1973.

There is little guidance as to how a Federal agency is to insure that benefits are provided. A satisfactory relocation program requires more than just the disbursement of funds. It requires full-time personnel compiling, analyzing and updating housing surveys, computing payments, and providing advisory assistance. In view of current limitations in Federal employment, it would be extremely difficult in most cases for the Federal Highway Administration itself to conduct a sizable relocation program for a State highway department. It may also be difficult to contract for such a program. Consequently, in many cases the only way for a Federal agency to insure that displaced persons receive the benefits of the Act may be to limit displacements. However, since we expect all States to be in full compliance by July 1, 1972 with regard to the Federal-aid highway program, we do not expect this provision to be applicable to the highway program.

It does not appear that new section 223 added by section (e) of S. 1819, which makes the Uniform Act applicable when Federal-aid is provided directly to a "person," would apply to any Department of Transportation programs.

In conclusion, I would like to reiterate our support of the relocation program. We are proud to have had one of the first comprehensive relocation programs, and we are happy to assist this Committee in insuring that the Uniform Act is effectively implemented.

I will be pleased to answer any questions you may have.

Thank you.

AUTHORITY TO PROVIDE RELOCATION ASSISTANCE AND PAYMENTS, JUNE 13, 1972

All of the State highway departments have authority to provide relocation assistance and payments in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970:

	Effective date
Alabama	Jan. 2, 1971
Alaska	Jan. 2, 1971
Arizona	Jan. 2, 1971
Arkansas	Jan. 2, 1971
California	Aug. 10, 1971
Colorado	May 6, 1971
Connecticut	July 8, 1971
Delaware	May 27, 1972
District of Columbia	Jan. 2, 1971
Florida	Jan. 2, 1971
Georgia	July 1, 1972
Hawaii	Jan. 2, 1971
Idaho	Mar. 16, 1971
Illinois	Sept. 17, 1971
Indiana	Jan. 2, 1971
Iowa	July 1, 1971
Kansas	Jan. 2, 1971
Kentucky	Jan. 2, 1971
Louisiana	Mar. 12, 1972
Maine	Jan. 2, 1971
Maryland	Jan. 2, 1971
Massachusetts	Jan. 2, 1971
Michigan	Jan. 2, 1971
Minnesota	Sept. 1, 1971
Mississippi	Apr. 9, 1971
Missouri	Jan. 2, 1971
Montana	Mar. 18, 1971
Nebraska	Mar. 15, 1971
Nevada	Jan. 2, 1971
New Hampshire	Jan. 2, 1971
New Jersey	July 1, 1972
New Mexico	Mar. 26, 1971
New York	July 1, 1971
North Carolina	Jan. 1, 1972
North Dakota	Jan. 2, 1971
Ohio	June 11, 1971
Oklahoma	July 1, 1971
Oregon	Jan. 2, 1971
Pennsylvania	Jan. 2, 1971
Puerto Rico	July 1, 1972
Rhode Island	Apr. 5, 1971
South Carolina	July 1, 1972
South Dakota	Jan. 2, 1971
Tennessee	Mar. 22, 1972
Texas	Jan. 8, 1971
Utah	Jan. 2, 1971
Vermont	Jan. 2, 1971
Virginia	Apr. 10, 1972
Washington	July 1, 1971
West Virginia	Apr. 28, 1971
Wisconsin	Jan. 2, 1971
Wyoming	Feb. 27, 1971

AUTHORITY TO COMPLY WITH TITLE III OF THE UNIFORM ACT, JUNE 13, 1972

The following State highway departments have authority to comply with Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Florida
Georgia
Hawaii
Idaho
Indiana
Iowa
Kansas
Kentucky
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Puerto Rico
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming

Legislation relative to compliance with Title III of the Uniform Act has been introduced in the States of Illinois and Louisiana. Both State Legislatures are currently in session.

STATEMENT OF RALPH R. BARTELSMEYER, DEPUTY FEDERAL HIGHWAY ADMINISTRATOR; ACCOMPANIED BY ROBERT G. KING, CHIEF, RELOCATION ASSISTANCE DIVISION, FHWA; AND S. REID ALSOP, ATTORNEY, CHIEF COUNSEL'S OFFICE, FHWA

Mr. BARTELSMEYER. Thank you, Mr. Chairman.

With me at the witness table are, to my left, Robert G. King, Chief of the Relocation Assistance Division, and, to my right, is Mr. S. Reid Alsop. He is an attorney in the Chief Counsel's Office of the Federal Highway Administration.

Mr. Chairman and members of the committee, I am pleased to appear before this committee to comment on proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and administration of the act by the Federal Highway Administration.

I am able to report at this time that, with regard to the Federal-aid highway program, all of our 52 State agencies can now comply with the relocation requirements of title II. Fifty State agencies can now comply with the land acquisition requirement of title III, and we expect the remaining two States to be in compliance by July 1, 1972.

From January 1, 1971, through December 31, 1971, we relocated 22,599 individuals, families, businesses, and farms, and provided $43,742,970 in relocation benefits.

I am providing for your information a copy of Instructional Memorandum (IM) 80–1–71, which the Federal Highway Administration has issued to implement the act. This supplements the Office of Management and Budget guidelines and Department of Transportation regulations.

Our policies and procedures are being revised to reflect increased experience and to deal with minor problems that have developed.

In addition, we are providing the committee with a notebook containing detailed information relative to our implementation of the relocation provisions of the act.

This includes the following items: a summary of our implementing activities; a copy of our advanced funding proposal and model statute designed to assist States in achieving prompt compliance; moving expense schedules promulgated for nationwide use by all agencies covered by the act; questions and answers concerning implementation of the act; relocation statistics; and relevant procedural material.

We have not encountered any major problems in administering the act. However, we have several comments on proposed amendments to the Uniform Act.

In preparing our comments, we have focused primarily on S. 1819, which passed the Senate April 12, 1972, since it includes most of the proposed amendments contained in other bills.

The Department of Transportation does not favor the provisions in sections (a) and (b) of S. 1819, and similar provisions of other bills, which provide that the Federal Government shall continue to pay indefinitely the full amount of the first $25,000 of the cost to a State agency of providing payments and assistance for a displaced person under sections 206, 210, and 215 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

The existing provisions of the Uniform Act, section 211(a), is similar to a provision contained in the Highway Relocation Act, chapter 5 of title 23, United States Code.

Both of these provisions provided temporary 100-percent Federal participation in the first $25,000 of relocation costs for a displaced person. These provisions were designed to provide 100-percent Federal funding during the transition period before the acts became mandatory. They were incentives for the States to promptly enact enabling legislation and thus provide the monetary and other relocation assistance to their citizens at the earliest possible date.

So far as the State highway departments are concerned, this incentive proved a valuable tool for them in obtaining enabling legislation.

We would prefer to return to normal project sharing after July 1, 1972, as is presently provided by the act. It is most logical to consider the costs of relocation as part of the total cost of a highway project, like planning costs or costs of right-of-way acquisition.

Highway relocation costs, incurred pursuant to chapter 5, title 23, United States Code, have been shared with States since July 1, 1970, and no problems have been encountered with this method of funding.

Sharing of total project costs in this manner has long been an important part of the Federal-State partnership that exists in the highway program. Some type of legislation enabling States to make relocation payments has been enacted in every State since 1968.

Not only does this legislation authorize State sharing of relocation costs, but often it authorizes State payment of relocation benefits on exclusively State or local projects where no Federal funds are involved. This demonstrates a willingness and ability of States to accept part of the costs of relocating its citizens.

An indefinite extension of 100-percent Federal funding may tend to cause State agencies to ignore the true financial costs and social impact of projects at the planning stage, since the State will have no direct financial stake in relocation costs.

For example, if one project site considered by a State agency would cause no displacements and another site would cause a substantial number of displacements, a State agency might not fully consider the additional costs of the latter site attributable to relocation, since those costs would be paid by the Federal Government.

In order to encourage comprehensive economic and social planning on the State level and to best protect Federal funds, we believe Federal cost-sharing on the normal project sharing ratio is necessary.

Requiring the Federal agency to pay the full amount of the first $25,000 of the cost to a State agency of providing payments and assistance for a displaced person under sections 206, 210, and 215, in effect, requires the State agency to record and maintain all of these costs on a displaced person basis.

Certain relocation costs, such as State salaries, expenses related to assistance and services, planning and other preliminary expenses for additional housing, and expenses for last resort housing, are normally charged to the project and are not now identified directly to a displaced person.

Separation of these costs from other project costs would increase a State's administrative burden. Inclusion of the costs in those eligible

for 100-percent funding would, therefore, create special administrative problems.

Section (c) of S. 1819 would extend the effective date of the act, with the exception of section 210(3), on all federally assisted programs.

Since we expect all States to be in full compliance with the Uniform Act with regard to the highway program on July 1, 1972, we do not feel this provision is necessary.

Section (d) of S. 1819 adds a new section, 222(a), that would require Federal agencies to "insure" that relocation services and the relocation payments are provided in any State that cannot comply with the Uniform Act during the period from July 1, 1972, through June 30, 1973.

There is little guidance as to how a Federal agency is to insure that benefits are provided.

A satisfactory relocation program requires more than just the disbursement of funds. It requires full-time personnel compiling, analyzing and updating housing surveys, computing payments, and providing advisory assistance.

In view of current limitations in Federal employment, it would be extremely difficult in most cases for the Federal Highway Administration itself to conduct a sizable relocation program for a State highway department.

It may also be difficult to contract for such a program.

Consequently, in many cases, the only way for a Federal agency to insure that displaced persons receive the benefits of the act may be to limit displacements.

However, since we expect all States to be in full compliance by July 1, 1972, with regard to the Federal-aid highway program, we do not expect this provision to be applicable to the highway program.

It does not appear that new section 223 added by section (e) of S. 1819, which makes the Uniform Act applicable when Federal aid is provided directly to a "person," would apply to any Department of Transportation program.

In conclusion, I would like to reiterate our support of the relocation program.

We are proud to have had one of the first comprehensive relocation programs, and we are happy to assist this committee in insuring that the Uniform Act is effectively implemented.

We will be pleased to answer any questions you may have.

Mr. HOWARD. Thank you very much for your statement, sir, and we certainly appreciate it.

I have one question.

You have listed the following State highway departments which have authority to comply with title III, and the State of New Jersey is listed there, and we have information from the Bureau of the Budget, Office of Budget and Management, that New Jersey is one of the States listed as being unable to comply.

Mr. ALSOP. Sometimes they will be able to comply in some programs, and not in others.

Mr. HOWARD. Well, this is in regard to the Highway Act. Is there any way, if you do not know about it, that you could get the answer?

Mr. BARTELSMEYER. We will get the answer for you.

(The following was subsequently received for the record:)

New Jersey has advised us that it has authority to comply with Title III of the Uniform Act with regard to the highway program, and has given us assurances that they will comply, as prescribed by section 305 of the Act.

Mr. HOWARD. It may be a technical thing, but it looks rather strange—I would appreciate your checking it out.

Any questions, Mr. Collins?

Mr. COLLINS. No questions.

Mr. HOWARD. Thank you very much for your testimony.

We certainly enjoy our relationship with the highway department downtown, and have since it has been in existence, and we are happy to have your views on this subject.

The subcommittee will stand in recess until 2 p.m. today.

Thank you.

(Whereupon, at 12:35 p.m., the subcommittee was recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

(Whereupon, at 2 p.m., the subcommittee reconvened, Hon. Ray Roberts, presiding.)

Mr. ROBERTS. The Subcommittee on Roads will come to order.

We are honored this afternoon to have our distinguished colleague from Tennessee, the Honorable Dan Kuykendall. We are delighted to have you, and you may proceed as you see fit.

STATEMENT OF HON. DAN KUYKENDALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. KUYKENDALL. Mr. Chairman, my statement is relatively short and I will read it.

Mr. Chairman, I appreciate this opportunity to appear before the committee. I especially appreciate the fact that this hearing was scheduled and that you invited me to appear.

I am delighted that committee action is finally being taken on this legislation, and judging from the expressed support of H.R. 12784, as well as the passage of its companion bill in the Senate, S. 1819, I am very hopeful that this committee will make an early and favorable report to the full House.

The purpose of my bill is to amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 which the President signed into law in January 1971—Public Law 91-646. This act represents a major step toward the fair and equitable treatment of individuals, families, and businesses displaced by federally assisted projects. My amendment is designed to extend indefinitely the full benefits provided by this act by deleting the cutoff date of July 1, 1972, after which State and local governments will have to finance relocation assistance on a project formula basis.

The act of 1970 provides, in part, that the Federal Government will bear 100 percent of the first $25,000 of any single relocation payment paid under the act where the property acquisition or displacement occurs prior to July 1, 1972.

After July 1, 1972, State and local project agencies will be required to participate in the cost of relocation payments mandated under the new act to the same degree that they share in other project costs.

It is important to note that the act of 1970 as passed by the Congress affects all federally assisted programs which displace persons, such as highway programs, certain agricultural development programs, federally assisted private programs, as well as housing and urban renewal programs. The intent of the law was to establish a uniform policy for the fair and equitable treatment of persons so displaced, and I maintain that to achieve that uniformity, because of the lack of local resources, the Federal Government must continue to bear the expense of relocation assistance.

Local governments already share in a substantial proportion of relocation costs. There is evidence from many local communities that they will not be able to meet this share requirement within their limited resources and the result will be one that I believe was certainly never intended by the Congress that wrote this legislation.

Existing programs in many cases will be faced with crippling cutbacks and desperately needed new programs will never get off the ground. In my opinion, this financial burden on our cities and communities is the single most important item for this committee's consideration.

The fate of our Nation's cities is a much publicized, talked about, and even politically potent item. Our increasingly expanding cities have in the past been considered a sign of the economic strength and fast-paced but productive growth of this country. But this picture is now changing, and some would say that it is already changed. The threats to our urban areas are many—the exodus of the productive, economically self-sufficient citizens to the suburbs with the resulting loss of an adequate tax base and the decay of our inner cities which breeds violence and despair are at the heart of their problems.

Please consider—the more a city needs help—that is, the more deteriorated it is—the less able, financially, it is to help itself. If it must share costs, with the Federal Government, it may have only as much assistance as it can afford. Thus, those who need the least will get the most, and those who need the most will qualify only for the least. This is not uniformity, and I do not believe that this was the intention of the Members of the 91st Congress.

Urban renewal is not a "one-shot deal," or perhaps I should say the greatest need for urban renewal is in the future. As our downtown and inner cities become so old and dilapidated that private enterprise is no longer willing or able to manage there, the Federal Government with its myriad resources must step in to provide assistance. I am proud of the success that a progressive housing authority has achieved in Memphis.

Extensive urban renewal projects are now underway in our downtown area, and already our Main Street is revitalized. Memphis, however, like most large cities, has severe financial problems, and must continue to meet rising costs in nearly all city services. I think it would be safe to say that if more city financing were required for our urban renewal projects, we would be faced with a discontinuation of many of these programs, and certainly a veto of many proposed programs.

So today, I am testifying before you not only as a U.S. Congressman with the best interests of my country at heart, but also as a Tennessean and a Memphian, who is concerned about the welfare, both present and future, of my State and city. The 19 cosponsors of this bill testify to the fact that this is legislation of broad concern and interest. I hope that the subcommittee and the full committee will view the bill favorably and recommend its enactment to the House.

Thank you.

Mr. ROBERTS. I wish to thank my distinguished colleague for a very succinct statement.

The Chair recognizes the gentleman from Ohio.

Mr. HARSHA. Thank you, Mr. Chairman.

I just want to commend the distinguished gentleman from Tennessee. I did not get to hear all of his statement but I know he has been deeply concerned about this problem for some time. He has spent considerable effort and time discussing with me, outlining the problems the legislation has created in his home district.

I certainly want him to know that I appreciate his prosecution of this effort and interest in this area. As usual, in reading his statement, he makes a very fine, cogent position about the problems that his district is facing and what he suggests as a means of providing some Federal relief.

Mr. KUYKENDALL. Thank you, Mr. Harsha.

Mr. ROBERTS. As we mentioned awhile ago, the gentlemen would have no objection to any amendment or any regulation that would prohibit payment of relocation costs to illegal occupants; that is, people who are in a place without any form of legal rent, lease, or other occupancy contract.

Mr. KUYKENDALL. I am very pleased that the chairman brought up for the record what he and I discussed earlier. I would not only not object to this, but I would strongly urge that language be placed in the report, for that matter, maybe a strengthening legislation to do something about the misconduct. There is no question it has happened. I do not think it should cause a discontinuation of the program. I think it should be policed strongly and there should be severe penalties multiple settlement houses and this type of thing. I would strongly support really clamping down on this.

Mr. ROBERTS. I thank the gentleman very much.

Thank you for appearing before our committee.

We will insert in to the record at this point the statement of Senator Baker from the State of Tennessee.

(Statement referred to follows:)

STATEMENT OF HON. HOWARD H. BAKER, JR., A U.S. SENATOR FROM THE STATE OF TENNESSEE

Mr. Chairman and distinguished members of this Subcommittee, it is with the deepest regret that my attendance at the United Nations Conference on the Human Environment at Stockholm makes it impossible for me to appear before you in support of Senate Bill 1819 and similar House bills that would amend P. L. 91-646. I attach the highest significance to these bills, and I appreciate sincerely the opportunity here afforded me to submit this statement for the record of the Subcommittee's hearings.

I mean no flattery but only a simple statement of fact when I note that this Subcommittee has been the cradle of uniform relocation assistance legislation. I became personally involved in this issue when, as a freshman Senator, I was

assigned to the Subcommittee on Roads and the Subcommittee on Intergovernmental Relations in the other body. But I quickly became aware that the groundwork for this extraordinarily progressive and equitable piece of legislation had been carefully and painstakingly laid by the House Subcommittee on Roads and its parent Committee on Public Works. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, which the bills under consideration today would amend, was many years in the making and represented a triumph of equity over deprivation. Persons once cast routinely into the street as the result of federal and federally assisted programs and projects are now guaranteed that they will be made whole. I know of no more simple justice, and I applaud this Subcommittee and the full Committee for its germinal role in providing it.

As originally introduced, S. 1819, which Senator Brock and I offered on May 11, 1971, had as its simple purpose an indefinite continuation of the federal funding of 100 per centum of the first $25,000.00 of each individual payment made pursuant to P. L. 91–646. Others will testify to the rationale and justification—indeed, need—for this provision, and I will not address myself to it in this statement. The bill was further amended in the Senate Committee on Government Operations to extend the effective date of the legislation as it becomes binding on States and State agencies. These amendments to S. 1819, in my judgment, provide reasonable and necessary relief to States that have, for one reason or another, failed to come into legal or constitutional compliance with the statute. The amendments do not permit the displacement of any person during the one year extension period unless such a person receives the full range of benefits and services provided under the Act. I might take this opportunity to suggest that the Executive Branch of the Federal Government could have done a far more effective job of working with the several States to alert them to their obligations and to provide sample legislation. Such efforts as have been made came quite late in the game.

I would like to concentrate for a moment on a floor amendment to S. 1819 that seems to me to be of importance to this Subcommittee's deliberations. I refer to that part of S. 1819 which would add a new section 223 to P. L. 91–646. I offered the amendment in response to an almost uncanny willingness and ability of governmental units to find ways around the mandate of the Uniform Act. While I can understand the devotion of budgeting and program officers to holding back costs, certainly such economies should not be at the expense of displaced persons. I would hope that budgets for various federal and federally assisted programs and projects would be increased to accommodate relocation costs. But if the dollar amounts of those programs and projects is to remain static, then relocation costs must be internalized.

New section 223 as proposed in S. 1819 is designed to make clear Congressional intent that any person displaced by any undertaking involving federal financial assistance is due the benefits of the Act, regardless of whether or not the federal dollar flows through a State, a State agency, or any other recipient of federal financial assistance. As I said in my statement on the Senate floor during consideration of S. 1819 on April 12, 1972, "wherever a federal dollar reaches, there lie the rights and benefits guaranteed by the Act." New section 223 of the Act should make it clear that this was the intention of the Congress when it passed the Uniform Act. I cannot emphasize too strongly my belief that new section 223 is not an "expansion" of the Act's coverage. It is a strict statement of what the Congress clearly intended more than two years ago, and it is necessitated only by an extraordinarily narrow and parsimonious construction of the Act by executive government at every level. Proposed section 223 has the same effective date as that of the original Act and requires any federal agency head to make retroactive payments to displaced persons not provided due benefits since the date of enactment, January 2, 1971.

If the Subcommittee is disposed to accept proposed new section 223, I would urge upon the Subcommittee a change in the language of that section of the bill as it passed the Senate. I would recommend that the first clause of subsection 223(a) be rewritten so as to read as follows:

"SEC. 223. (a) Notwithstanding any other provision of law, whenever a program or project, to be undertaken by a person furnished Federal financial assistance by a Federal agency pursuant to a grant, contract, or agreement, will result in the forced displacement of any person on or after the effective date of this Act, the head of the Federal agency furnishing such financial assistance shall provide—

The purpose of this change would be to avoid the kind of situation where housing units in question are already publicly owned and do not involve any "acquisition" of property. A frequent example of this kind of situation would be the rehabilitation of public housing units, already owned by a public agency. If such a change is not made in the language of section 223 as passed by the Senate, such situations could conceivably lie beyond the protection of the Act.

We have identified five federal or federally assisted programs in which the federal financial assistance provided did not flow through a State agency as defined in the Act: section 235 and 236 housing programs and "Project Rehab" of the Department of Housing and Urban Development, and higher education facilities grants and Hill-Burton grants of the Department of Health, Education, and Welfare. I would be delighted if these Departments would voluntarily construe the Act as applicable to these programs, perhaps rendering new section 223 unnecessary. But there may be programs or projects that we have not anticipated, and I am inclined to believe that section 223 would have value even if these five programs were to be voluntarily covered.

Mr. Chairman, again I express my deep appreciation for this opportunity to submit a written statement in support of the legislation now being considered by this distinguished body. I again commend you for the leadership that you have demonstrated in this field, in fashioning a national policy that, at long last, provides due and equitable relief for innocent persons and businesses made to give up their property in the way of programs and projects deemed to have a larger public good. I am hopeful that the Congress can speed a bill to the President before June 30, the all-important deadline for extension of the effective date and Federal financial participation.

Thank you very much.

Mr. ROBERTS. We have our next distinguished friend and colleague, Frank Evans of Colorado. We would be delighted to hear from you now.

STATEMENT OF HON. FRANK E. EVANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. EVANS. Mr. Chairman, I appreciate this opportunity. My staff should be here in a few moments with copies of my statement.

Mr. ROBERTS. Without objection, the statement will be filed in the record, as if read in its entirety, and we will let you summarize.

Mr. EVANS. Mr. Chairman, I appreciate that.

I am delighted that the subcommittee has agreed to take on this question of redrafting the laws of relocation costs and expense arising out of the condemnation of private properties in the course of Federal projects.

I went through a very serious incident in this regard in my own district. In the southeastern part of Colorado there is a town by the name of Trinidad, Colo. It has suffered severe flood damage, many times in this century.

They have fought for years to get Federal funds to help build a dam. The future of the city depends upon the success of this dam.

This dam has been authorized and construction is now in progress. The place where the water would back up for recreational use will occupy a small town by the name of Sopris. There are 215 or 218 families living there. They have been living there for 80 years or more. They are are families of miners who came from all over the world to work in the coal mines in Colorado many years ago. They are Italians, Spanish, Mexican, Poles—a conglomeration of American citizens. Many of them have lived in these houses for two or more generations.

The taking of the property of these families began before the new law was passed, yet this law did pass before the last 10 or 12 families

settled. As a consequence a large majority of them came to agreement with the Government as to what their costs would be, what their reimbursements and relocation costs should be under the old law. These 10 or 12 other families that had disagreements in regard to the value of their properties finally settled under the new law for significantly increased amounts.

It occurred to me that while you are considering changing the law this may well be a situation that exists in other places in the United States and may warrant your attention. I honestly do not know, but I think it is true there are many projects throughout the United States where people's properties have been taken and some compensated under the old law and some under the new law with a great disparity, a great difference in the basis upon which they were reimbursed.

The purpose of my testimony is to point out the disparity in Sopris, not only because it is in my district, but also because I think there may be other areas in the country subject to the same situation. I suggest that the committee might give some consideration to amending the law that was passed recently and expand it to allow it to apply to those in the same project whose properties were condemned at the same time and had made settlements under the old law. I think only in this way can we bring fairness to those who lived in the same town under the same circumstances and had their properties taken.

I urge the committee's attention to this question as you address yourself to this law.

Thank you.

Mr. ROBERTS. The gentleman makes a very persuasive argument and I appreciate it and I am sure the committee does.

Mr. HARSHA. I can sympathize with the distinguished gentleman from Colorado. I have problems in my own district, especially with the flood control projects. I know exactly what you are talking about. It does seem rather inequitable that those that went ahead and settled a few months before with the Federal Government, and I am sure many of them settled at prices far below what they were asking. They were deprived of the additional benefits of this legislation. In fact, one of the primary reasons I sponsored the legislation initially was the fact we were running into this disparity of payments between projects in one area and projects in another. I certainly am sympathetic to your problem here.

We want to commend you for the way you brought it before the committee in a very persuasive and forceful statement.

Mr. EVANS. Thank you, Mr. Harsha. In one instance, taking an excerpt from my formal statement, we have an instance in which one business received $4,809.96 for relocation under the new law, whereas under the old law they would have been entitled to only $350.

In other instances, people would have gotten $400 apiece for relocation under the old law where under the new law they would have received a great deal more. These people lived in the same community. Those of you who are familiar with small communities, you know that they all know each other pretty well and it does not make for the best community relations for one family to receive more than another. These families know that had they held out a little longer, had they

been a little more difficult to get along with, they would have benefited under the new law as those did who were holding out.

Mr. ROBERTS. I think the gentleman is missing the point completely. Why was the reservoir completed to start with? Why was it constructed? Why did the Federal Government get in to start with? It was to protect the majority of the people. So your local funds certainly ought to have compensated them for the necessary relocation costs—not the Federal Government. The purpose of the project was to protect the people in the area. I disagree with the basic philosophy that the Federal Government ought to assume all of the costs of relocation when the people are being relocated to accommodate the rest of the folks in the neighborhood.

Mr. EVANS. We would have a difference of philosophy in this regard, Mr. Roberts. I would not object to local participation on some of these costs, but look at the different towns involved. Trinidad used to be an area having somewhere in the neighborhood of 8,000 coal miners, and now it would be hard to find 600. Economically, a mill levee is not going to raise much money at all there. This is a hard-pressed community in the State of Colorado. It is one of the only two model cities programs in the State of Colorado. They are hoping to build a base for supporting industry in the future. They just do not have the economic capacity, Mr. Chairman, to assume the large costs that would be involved.

I agree there can be and should be some local participation in this sort of thing, but there is also the problem of economic ability of local communities to take this on.

Mr. ROBERTS. With that I agree.

Mr. EVANS. Thank you, Mr. Chairman.

(The prepared statement follows:)

STATEMENT OF HON. FRANK E. EVANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. Chairman, thank you for granting me the privilege of testifying on possible amendments to the Relocation Assistance Act of 1970.

My purpose here today is to urge the Committee to consider extending the relocation benefits of Public Law 91–646 to certain categories of people who have been displaced by federal projects. I am speaking of those people who already were caught up in a federal project involving dislocation at the time the bill became law early in 1971.

An example from my own Congressional District in Colorado illustrates the problem I am getting at.

Land acquisition for the Trinidad Dam project under the Corps of Engineers in Southern Colorado caused the community of Sopris to be obliterated. Sopris was a little town back in the mountains of the south-central part of the State. It once was something of a mining center but that activity has declined. Most of the people who remained there were elderly, former miners or the descendants of miners.

The necessary land acquisition for the dam and reservoir was well advanced by the time Public Law 91–646 with its improved relocation benefits came into being. Almost all of the 215 families that previously lived there had moved, receiving payments for their homes and property and such meager relocation assistance as was available under the old law. On the average they received between $4,500 and $5,000 for their homes. Those who qualified for any relocation aid at all generally got $400.

But some 20 families remained in Sopris for a time after the new law went into effect and, consequently, they became eligible for the increased benefits.

Twelve of those cases have been settled under the new Act and eight more remain to be settled. Those who already had left were not eligible even though they, too, in many instances needed the additional assistance.

I'm sure this committee is well aware of the hardships displacement often brings, even under the best of circumstances. That was one of the reasons the present law was created. In the case of Sopris we're not talking about wealthy people trying to pry a few more dollars out of the Federal Treasury. We're talking about a few small businessmen and about 215 homeowners, most of them elderly, who had the misfortune of living in the way of a needed Federal project.

They had to take the money the Government gave them for their homes and attempt to find housing elsewhere.

Those who had been living in marginal or sub-standard housing had a definite problem under the old law. The money they received for their homes was not enough to begin to find safe, decent, and sanitary housing so, in effect, they were driven from one sub-standard dwelling to another.

Many of the Sopris workers were employed in nearby Trinidad so they tried to move there, only to find prices for comparable housing well above the amounts they had received for their homes.

Savings were eaten up in some cases. Persons nearing retirement or already retired now face new home mortgage payments with very limited incomes. In short, the dislocation brought hardship to numerous families that could have been eased under the new law.

The extra payments of up to $15,000 for comparable housing in section 203 of the 1970 Act would have been very useful to many of the families, but they had already moved and so, were not eligible. Section 203 and other parts of the law were of significant benefit to some of the families who remained in Sopris long enough to qualify.

Of the 12 cases settled under the new law, six of the families received the same for moving expenses or replacement housing as they would have under the old law—about $400. One business received $4,809.96 in relocation benefits. It would have gotten $350 under the old law. Another, which would have gotten $575 under the old law, received $2,936.70. Three families received increased relocation payments to help them find safe, decent and sanitary housing. Under the old law they would have gotten $400 apiece. Under the new act they received $2,425; $9,160.29, and $4,995. I do not have the facts for the twelfth case.

I am not here to cast envy upon those few who did benefit or to say they should not have gotten the additional payments. My point is that this Federal project bore upon every resident of Sopris at the same time.

The Corps of Engineers asked everyone to leave the town by December 1970. That deadline was prior to final passage of the new act. One hundred ninety-five of the families compiled and, in effect, were penalized for doing so. Twenty families could not or would not meet the deadline and they are the only beneficiaries among the former residents of Sopris. It seems to me that this situation points out a serious unfairness that is written into the present law.

I respectfully urge that this committee consider amending the Relocation Assistance Act to extend the benefits to all those people who were dislocated by Federal projects underway at the time this law was signed.

There may be arguments that it would be difficult from the Government's point of view to reopen cases of persons who have been dislocated. I would hope that such arguments would be weighed against the difficulties facing the people who have settled under the old law.

I believe the present situation as I have described it represents an inequity that the Congress can and should remedy.

Mr. ROBERTS. Next we have our distinguished colleague from Georgia, Mr. Ben Blackburn.

STATEMENT OF HON. BEN BLACKBURN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. BLACKBURN. Thank you, Mr. Chairman.

Included with my statement, I have a letter from the Georgia Municipal Association which I would like to insert.

Mr. ROBERTS. Without objection, it will appear in the record at this point.

(The letter referred to follows:)

GEORGIA MUNICIPAL ASSOCIATION, INC.,
Atlanta, Ga., June 13, 1972.

Hon. BEN B. BLACKBURN,
U.S. Congressman, House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BLACKBURN: It is our understanding that the House Public Works Committee has scheduled hearings on S. 1819 beginning June 15, a bill which will amend the Uniform Relocation and Land Acquisition Policies Act of 1970. (P.L. 91-646)

I cannot overemphasize the importance of this vital piece of legislation to Georgia's urban areas. This bill must pass the House of Representatives and be signed into law by July 1 of this year, or else Georgia's cities and public agencies will stop receiving *all* federal funding on any governmental project which displaces people.

S. 1819 will (1) allow Georgia time to amend its state constitution so that the State and its political subdivisions may comply with the Federal law and thereby continue receiving federal funds; and (2) will provide a continuation of present federal funding of relocation costs up to $25,000 for each acquisition and/or displacement—it was shown before the Senate Committee and will undoubtedly be shown before the House Committee that local resources are *not* sufficient to maintain such costs, not only in Georgia, but throughout the nation, and the federal government's failure to continue such payments will shut down urban renewal, slum clearance, and many other federal projects. In other words, such failure will simply put these projects out of business indefinitely.

The members of the Georgia Municipal Association have voted to strongly support the amendments to the Uniform Relocation Act which are found in S. 1819. We emphasize that these amendments are highly important to all of your urban constituents, and we urge you to contact the Chairman (Blatnik, D-Minn.) and other members of the House Public Works Committee to see that S. 1819 is moved out of Committee onto the House floor, and we earnestly solicit your support to see that it is passed.

Sincerely,

E. GREGORY GRIGGS,
President, GMA.

Mr. BLACKBURN. Also, Senator Gambrell from Georgia has handed a letter to the committee that he would like in the transcript of hearings in which he presents the same basic argument that I do.

Mr. ROBERTS. Without objection, it will be made part of the record.

(The letter referred to follows:)

U.S. SENATE,
Washington, D.C., April 24, 1972.

Hon. JOHN A. BLATNIK,
Chairman, Public Works Committee,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: On April 12, the Senate passed S. 1819, which amends the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The changes made in the Relocation Act by S. 1819 relate to both the amount of money required to be paid by the state agency for relocation costs and to the effective date of the Act.

Regarding funding, the Federal Government would continue after July 1, 1972 to pay 100% of the first $25,000 in each instance of displacement. The State would only share in paying that portion of the cost which exceeds $25,000.

Of particular interest to Georgia and many other states is the fact that the effective date of the Relocation Act, except for Section 210(3), would be extended from July 1, 1972 until the end of the 30-day period which begins on the last day of the first regular session of the State Legislature commencing after July 1, 1972 or until July 1, 1973, whichever is earlier.

The reason the extension of the effective date is so important to Georgia is because the Georgia Constitution does not allow the expenditure of public funds for relocation payments and assistance in every instance required by the Relocation Act. The Act presently provides that if after July 1, 1972, the public agency in Georgia cannot give satisfactory assurance to the head of the participating federal agency that the public agency will be able to pay its share of the relocation costs, then no federal funding will be allowed for the project. The obvious result would be a great loss of federal funds to public agencies in Georgia.

The timing requirements established by the Relocation Act did not take into account the needs which Georgia has. The Act was approved January 2, 1971, and the Georgia General Assembly went into session later that month. However, had a resolution been adopted in the General Assembly Session of 1971, offering an amendment to the Constitution for ratification, the action would have been meaningless because Georgia did not have a general election in November 1971. The next election at which a State constitutional amendment could be considered is the November, 1972 election. Of course, any constitutional difficulty to be cured by amendments offered for ratification in the November, 1972, election would be too late as the State and local public agencies would have already suffered cessation of federal financial assistance for some time. In short, the Congress has simply not given Georgia an opportunity to present this question to the voters of the State and to cure any existing constitutional problem.

In the 1972 session of the Georgia General Assembly which recently ended, a resolution was adopted offering an amendment to the Georgia Constitution to enable all public agencies in the State to fully comply with the requirements of the Act. Assuming that this amendment to the Georgia Constitution is ratified in the General Election this November implementing legislation can be offered and passed in the 1973 session of the General Assembly. Thus, it is very important to Georgia that the effective date of the Relocation Act be extended as provided in S. 1819.

S. 1819 also provides that the Federal Agency Head shall assure that full relocation payments are made during that period commencing July 1, 1972 until the State Agency is authorized to pay its share of relocation costs, and that the State take appropriate measures to pay to the United States an amount equal to the payments made by the Federal Agency in carrying out Subsection (a) of Section 222 which the State would have paid if it had been in full compliance with the Subsection after July 1, 1972. This requires that the State, bound by its Constitution and laws, shall do what it can to pay this amount to the United States. The intention of Section 222(b) is to give the State Legislature the first opportunity to make these payments to the United States.

However, today in the State of Georgia and in other States, it would be legally impossible to set aside any funds to pay back to the United States for that period after July 1, 1972. For this reason, I offered an amendment to S. 1819, which is now included in that Act as Section 222(b)(2). This provides an alternative method of making the required payments to the United States by allowing that at a later date, the Federal Government may withhold some of the participation funds for future projects and thereby repay itself for moneys advanced after July 1, 1972.

I wanted you to know of my concern that a satisfactory solution be made of the problems created by the Relocation Act. I trust that our combined efforts will achieve this and request that my comments here be included in the record of the hearings which you have scheduled for amendments to the Act.

With best regards, I am

Sincerely,

DAVID H. GAMBRELL.

Mr. BLACKBURN. Mr. Chairman. I appreciate your affording me the opportunity to appear before your committee regarding amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. On April 12, 1972, I introduced legislation similar to that which was passed by the Senate, S. 1819, on April 12, 1972. At this time, I would like to discuss the reasons why this legislation is so important to the State of Georgia—I represent Georgia's Fourth

District—as well as my thoughts on the differences between S. 1819 and my bill, H.R. 14325.

Most States, including my own State of Georgia, have made a good-faith effort to comply with the terms of the Relocation Act. Unfortunately, Georgia has a unique situation which will prevent the State from fully complying with the legislation by the July 1, 1972, deadline.

As you are aware, under the terms of the act, the Federal Government is now paying the first $25,000 of all relocation payments with the remainder being divided proportionally between the State and the Federal Government according to the particular program involved. On July 1, 1972, the States and the Federal Government will begin to divide the entire amount of the relocation payment according to the proportions established by the law governing the particular project.

Unfortunately, the Georgia constitution states that Georgia can only compensate a person or business for the loss involved at a price determined by the fair market value of his property and thus, no payment can be made for economic losses due to the Government's acquisition of real property.

The Georgia constitution provides only that the landowners be paid only for the fair market value of the land.

Mr. ROBERTS. Let me say that several other States have similar constitutional limitations. Therefore, they do not participate in the program. I am 100 percent for that. If these States want to participate, they will simply have to amend their constitutions.

Mr. BLACKBURN. Well, we are working to change our constitution and that is what I want to get to here.

Unlike most States, Georgia is forced to change the State constitution in order to comply with the terms of the law. However, Georgia's constitution can only be amended at a general election. One will not be held, as we know, until November 1972.

On June 4, 1971, Governor Jimmy Carter, recognizing the problem, established a special committee to study what action the State should take. The committee recommended that the Governor propose an amendment to the State constitution, which he did at the last session of the State legislature. The Georgia State Assembly has placed the proposed amendment on the general election ballot for November this year. If, in November, the amendment to the Georgia constitution is ratified in the general election, implementing legislation can be offered and passed in the 1973 session of the Georgia General Assembly; or the next year.

Since the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 became law, the State of Georgia has not held a general election. Obviously it is impossible for the State to conform with the law by the deadline, July 1, 1972. Governor Carter and the State legislature have made a good-faith effort to comply with the law, and I believe that they deserve relief until the constitutional amendment is ratified by the people of Georgia. Without this relief the State will be denied participation in the Federal programs for highways, airport and airways development, water and sewer grants, mass transit aid, and any other Federal programs which require property acquisition.

To prevent this difficult situation, I have introduced legislation, H.R. 14325. I would like to compare the substance of my bill with that of S. 1819. In the following areas my legislation is identical to S. 1819:

1. Both bills would first postpone the effective date of the Uniform Relocation Assistance and Real Property Acquisition Policies Act to allow States extra time to pass enabling legislation authorizing State and local agencies to comply with all the act's requirements. In both bills, the effective date of the Relocation Act, except for section 210 (3), would be extended from July 1, 1972, until the end of the 30-day period which begins on the last day of the first regular session of the State legislature commencing after July 1, 1972, of until July 1, 1973, whichever is earlier.

2. My bill would continue after the July 1, 1972, date full funding for the first $25,000 in relocation payments now assumed by the Federal Government. In other words, this would become a permanent feature of the law, as it was intended to be in the original legislation in 1965. One of the main reasons why I feel strongly that the Federal Government should pay the first $25,000 is that many of our local towns and cities would be unable to carry out the various projects which require cost sharing if they had to pay part of the relocation costs. To provide adequate compensation would require a very large outlay of funds which would be beyond the budgets of many of our local municipalities.

3. Moreover, in order to assure that relocation payments are not denied to eligible individuals after the present July 1, 1972, date, the bill further authorizes Federal agencies to make payments that would otherwise be made or partially shared, by State or local agencies where legal obstacles prevent States from making those payments until the State agency is authorized to pay its share.

4. Also, the bill requires that the State take appropriate measures to pay back to the United States an amount equal to the payments made by the Federal agency in carrying out subsection (a) of section 222 which the State would have been able to pay if it had been in full compliance with the subsection after July 1, 1972.

This is to prevent the Federal Government from taking the loss. It ought to be repaid.

This requires that the State, bound by its constitution and laws, shall do what it can to pay this amount to the United States. The intention of section 222(b) is to give the State legislature the first opportunity to make these payments to the United States.

However, today in the State of Georgia and in other States, it would be legally impossible to set aside any funds to pay back to the United States for that period after July 1, 1972. For this reason I suggest an alternative method of making the required payments to the United States by allowing that at a later date, the Federal Government may withhold some of the participation funds for future projects and thereby repay itself for moneys advanced after July 1, 1972.

There is one significant difference between my legislation and S. 1819 as passed by the Senate. The difference is section 222. This section was added by Senator Baker on the Senate floor and was placed in the bill to require all local government agencies which use Federal

funding to provide relocation payments as required by the act. While I do not object to the purpose of this requirement, I would like to point out to the committee that in doing this, this provision encompasses the 235 and 236 Housing programs. These programs are usually carried out by private contractors, and when they are used for the rehabilitation of existing structures there is usually not a public agency available to run the relocation program. I feel that before this committee requires relocation payments under this program, consideration should be given as to how the program could possibly be administered.

Second, Senator Gambrell's office has asked that I communicate to you their concern over an error that appears in the Senate bill. I would ask the members of the committee to turn to page 4, line 1, of the Senate bill. I believe that after the word "of" the following should be inserted: "a State or political subdivision of the State, or any department, agency, or instrumentality of."

I believe there is just a line error, just a line left out of the Senate print because the description of the agencies that can make payments is drawn in such a way it would be limited to agencies composed of two States or more, two local governments or more. This is just to clarify the revision.

I have attached to my testimony a copy of a letter I received from the city of Atlanta's Housing Authority regarding the difficulties they will be encountering in attempting to comply with the act. I think it adequately demonstrates the necessity of immediate action. For the sake of my State and many others, I strongly request you to give prompt consideration to this legislation.

I repeat again that if we allow the date of July 1 to pass, the State of Georgia is going to have a serious problem.

Mr. ROBERTS. We appreciate the gentleman's statement, particularly the fact that he recommends that if the Federal Government advances these funds they will at least get them back.

This committee, of course, has to screen hundreds of projects at every session. I will give you one example: Four years ago this committee authorized a major reservoir, about $60 million, of which 10 or 12 percent was local funds.

The communities came in and testified they would provide the necessary participation and we selected it over other projects and authorized it. As soon as it was authorized the State came in and said, "We cannot participate. Our constitution will not let us pay that. You will have to give us 100 percent.

Well, it is not going to start if I have the say-so. I appreciate your position. If they, following your example, say, "We will pay it back," I would certainly be willing.

The gentleman from California.

Mr. CLAUSEN. I do not know that I have any questions. I believe our colleague from Georgia in his usual forthright and very articulate manner has presented his case very well.

I simply want to compliment you, Mr. Blackburn. I have outlined, I think, the points that are of the greatest concern to you and, as the committee goes into its deliberations in executive session, we will be referring to your testimony.

I thank you for taking the time to come before the hearing.

Mr. BLACKBURN. I appreciate the committee's allowing me to appear.

Mr. ROBERTS. Thank you, Mr. Blackburn, for your statement. The attachments attached to your statement will appear in the record at this point.

(Items referred to follow:)

HOUSING AUTHORITY OF THE CITY OF ATLANTA, GA.
June 9, 1972.

Re Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1898; Public Law 91-646).

Hon. BEN B. BLACKBURN,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE BLACKBURN: The enclosed copy of my May 31 letter to the Area Director of the Atlanta Area Office for the Department of Housing and Urban Development explains a real and present danger confronting 515 families occupying Atlanta Housing Authority properties. This problem is caused by the administrative policy ruling underlined in the attached memorandum from Mr. Floyd Hyde.

The situation described therein would be avoided, of course, in the seemingly unlikely event that S. 1819, about which we have corresponded heretofore, reached final enactment prior to June 30, 1972. Lacking any reasonable expectation that S. 1819 can be passed in time, we consider it extremely important that HUD be persuaded to reconsider its policy interpretation.

Only in such a way, it appears, will our national government and our local housing authority be able to keep faith with that large number of citizens—who were deprived of their homes under agreements made long ago in good faith by both contracting parties.

Any help you can give toward persuading the appropriate federal officials to make the needed changes in administrative interpretation will be greatly appreciated by us.

Sincerely yours,

LESTER H. PERSELLS, *Executive Director.*

HOUSING AUTHORITY OF THE CITY OF ATLANTA, GA.,
May 31, 1972.

Code: 4.1S.

Mr. E. LAMAR SEALS,
Area Director, Atlanta Area Office, Department of Housing and Urban Development, Atlanta, Ga.

DEAR MR. SEALS: In a conference with your staff this morning, our staff was informed that it is a policy of the Department of Housing and Urban Development (DHUD) that, the cost of physical moves of families being relocated taking place after June 30, 1972 must be shared by the local government. It is the opinion of the attorneys of the Housing Authority of the City of Atlanta, Georgia, and the attorneys of the City of Atlanta, that under Georgia's law local monies may not be used for the relocation of families.

Atlanta's Urban Renewal Program currently houses 515 families eligible for relocation payments at the time of their move. Of these families, 260 live in temporary relocatable housing units and may remain there until such time as Georgia law is clarified on this subject. In addition, 255 families live in properties which were acquired because of their substandard condition. To deny these families the benefit of relocation payments under the Uniform Relocation and Real Property Acquisition Policies Act of 1970 will cause their civil rights to be violated and cause them to live in inadequate housing through another winter.

It is our opinion that this policy of the Department of Housing and Urban Development is inequitable and does not conform with the intent of the Legislation. In-as-much as the Legislation sought equal treatment of persons relocated by governmental action, this policy denies that assistance to 515 families.

We will deeply appreciate your assistance in appealing this policy decision to the highest authority in the Department of Housing and Urban Development so that these families may be given the assistance which they deserve, having been effectively displaced prior to June 30, 1971 by the purchase of their homes.

If we may be of any assistance in this appeal, please call upon us.

Very truly yours,

LESTER H. PERSELLS, *Executive Director.*

Mr. ROBERTS. We will now hear from the Congresswoman from the State of Hawaii, Mrs. Patsy Mink.

STATEMENT OF HON. PATSY MINK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mrs. MINK. Mr. Chairman and other distinguished members of the subcommittee, I am glad to have this opportunity to testify on a needed revision of the Uniform Relocation Assistance Act, Public Law 91–646.

The stated purpose of this act is to establish a uniform policy for the fair and equitable treatment of persons who are displaced or have their real property taken for Federal and federally assisted programs.

I certainly support this objective and commend the Committee on Public Works for its diligent efforts to assure fair and equitable treatment of all persons affected by such programs. At this time, however, I would like to call your attention to the fact that the statute overlooks one critical area where persons may be affected but still cannot receive the benefits to which they are entitled.

Section 101(6) of the act defines a "displaced person" as one who moves from real property "as a result of the *acquisition* of such real property, in whole or in part, or as the result of the written order of the acquiring agency to vacate real property . . ." (Emphasis supplied.)

This works out fine in most instances, since the typical Federal or federally assisted project involves the taking or acquisition of land not previously owned by the Federal Government. In cases where the land is already so owned, however, benefits cannot be paid even though people are displaced as a result of Federal or federally assisted programs.

A case in point involves the Halawa housing area in my State of Hawaii. This is federally owned U.S. Navy property which has been used for housing purposes under a lease to the State Government's Hawaii Housing Authority. Most of the tenants have been Navy enlisted personnel and their families.

Recently the Navy decided to replace the housing units with new ones, to be used by Navy families. Accordingly, the Navy allowed its license to the Hawaii Housing Authority to terminate. The families living at Halawa were told to move elsewhere—but at their own expense. Presumably some might be able to return to the new housing after it is built, if they are still assigned to Hawaii.

I would like to enclose at this point in the hearing record Navy replies to my inquiries on this matter. The Navy concedes that no relocation payments were made to these families who were told to move as a result of this Federal housing project. The reason given is that the Uniform Relocation Assistance Act is not really uniform—

it does not permit benefits to those whose housing happens to be on land already owned by the Federal Government.

(The replies referred to follow:)

HEADQUARTERS 14TH NAVAL DISTRICT,
San Francisco, May 16, 1972.

Re housing for Navy families being moved from Halawa area.

Hon. PATSY T. MINK,
House of Representatives,
Washington, D.C.

DEAR MRS. MINK: In answer to your letter regarding families being moved from their homes in Halawa by June 15, the following information is provided.

All 15 military members and their dependents residing in Halawa housing area were extended the full use of Pearl Harbor Housing Office facilities and assistance in relocating their families. Nine families have moved to housing located for them in Navy public quarters, Hawaii Housing Authority low-income quarters, Federal Housing 236 Rental Units, or other civilian housing. Four families were housed from other sources. The remaining two families at Halawa are being relocated as follows: The family eligible for Navy public quarters will be housed upon their return from the Philippines in mid-May and the last family is expected to move into a Hawaii Housing Authority unit prior to the end of May.

The only authorization which the Congress has given the Navy to pay what you referred to as "relocation and displacement allowances" is the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646). Benefits under that law are payable only to a "displaced person." That term is defined in Section 101(6) of that Act as a person who moves from real property "as a result of the acquisition of such real property, in whole or in part, or as the result of the written order of the acquiring agency to vacate real property. . . ." As you may be aware, at Halawa a license from the Navy to the Hawaii Housing Authority is expiring for property which has long been owned by the United States of America. Since there is no acquisition involved, we have been advised by legal counsel both locally and at the Washington, D.C. level that the benefits of the Federal Act are not available.

I trust that the information given on the results of the actions taken will provide the information requested by your constituents.

Sincerely,

H. S. MORGAN, JR.,
Rear Admiral, U.S. Navy,
Commandant, 14th Naval District.

COMMANDER IN CHIEF, PACIFIC,
May 26, 1972.

Hon. PATSY T. MINK,
House of Representatives,
Washington, D.C.

DEAR MRS. MINK: Your letter to Admiral Noel Gayler, concerning the movement of Navy families from the Halawa area, has been forwarded to my office from Washington, D.C.

Your interest in the welfare of our Navy families and desire to assist them in this relocation is deeply appreciated. An investigation of this particular relocation has been conducted and the following information is provided.

There were previously 15 military members and their dependents residing in Halawa housing. Nine families have moved to housing located for them in Navy Public Quarters, Hawaii Housing Authority low-income quarters, Federal Housing 236 rental units, or other civilian housing. Four families were housed from other sources. Of the remaining two families, one eligible for Navy public quarters will be housed upon their return from the Philippines prior to the end of May, and the other family is expected to move into a Hawaii Housing Authority unit by the end of May. Be assured that these families have been extended the full use, assistance, and cooperation of the Pearl Harbor Housing Office during their relocation.

The "relocation and displacement allowance," you referred to is the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646). Benefits under that law are payable only to a "displaced person." That term is defined in Section 101(6) of the Act as a person who moves from real property "as a result of the acquisition of such real property, in whole or in part, or as the result of the written order of the acquiring agency to vacate real property . . ." The Halawa area has long been owned by the U.S. Navy. Pursuant to a license from the Navy, the Hawaii Housing Authority has been administering the housing located there, but this license is now expiring. Under these circumstances, Navy legal counsel, both locally and at the Washington, D.C. level, have taken the position that there was no acquisition involved, and, accordingly, the benefits of the Act are not available.

I hope that this information will be useful to you in your quest to be of service to our American military servicemen and their families. Your interest and desire to be of assistance is most gratifying. This is definitely a matter concerning the overall welfare and morale of the members of the U.S. Navy and I thank you for bringing it to my attention.

With sincerest best wishes,

Very respectfully,

JOHN S. MCCAIN, JR.,
Admiral, U.S. Navy.

MAY 1, 1972.

Re housing for Navy families being moved from Halawa area.

Admiral NOEL GAYLER,
Commander in Chief, Pacific,
Department of Defense, FPO San Francisco.

DEAR ADMIRAL GAYLER: I am writing concerning the families who are being required to move from their homes in Halawa by June 15.

I am advised that most of the Navy families in the area are dependents of sailors of the rank of E-4 and below. These families are having considerable difficulty in locating shelter for themselves at rents which they can afford. They report that they are receiving only minimal assistance from the Pearl Harbor Housing Office.

One of the major concerns of these families is over their eligibility for Relocation and Displacement Allowance. Please advise me of the reasoning behind the denial of these allowances to them.

Please advise me whether any provisions have been made to assist the families involved in this matter. I urge that if no provisions have been made a plan be formulated without delay in light of the June 15 deadline. Your assistance of these families will be sincerely appreciated.

Very truly yours,

PATSY T. MINK,
Member of Congress.

Mrs. MINK. It seems to me that this is an unjust discrepancy. The plight of the families involved is made worse by their low-income status. The majority of the families were in the grade of Enlisted-3. One fortunate family has a service member who is an E-4 and has a take-home pay of $344 a month. After payment of about $200 a month for a two-bedroom apartment in high-cost Hawaii and the cost of other necessities, this family has about $60 a month left for "luxuries."

Moving expenses are in the hundreds of dollars for paying trucking firms to haul furniture. These low-income families are members of our military services, and yet we deny them moving expenses despite our "uniform" law. This situation should be changed retroactively to the date of adoption of the act on January 2, 1971, so that the intended purpose will truly be accomplished.

As this subcommittee considers S. 1819 and other legislation on this subject, I urge that you act to eliminate the inequity caused by this loophole in our previous law. Surely equity requires this measure of

consideration for those who are displaced by Federal Government actions.

I also present proposed statutory language to accomplish this purpose. Thank you for you consideration of this matter.

(The proposed draft bill referred to follows:)

[Discussion Draft]

A BILL To amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to provide for the payment of relocation expenses of persons displaced from land under the jurisdiction of the Federal Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101(6) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894) is amended by adding at the end thereof the following new sentence: "Solely for the purposes of sections 202, 204, and 205 of this title, the term 'displaced person' also means any person who, on or after January 2, 1971, moves from, or moves his personal property from, real property under the jurisdiction of the United States, as a result of a written order of a Federal agency to vacate such property on which such person resides or conducts a business or farm operation."

Mr. ROBERTS. Thank you, Mrs. Mink. Next, Representative Ogden Reid.

STATEMENT OF HON. OGDEN REID, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. REID. Mr. Chairman, I welcome this opportunity to express my strong support of this legislation, and to urge speedy action on it by the members of this subcommittee.

As the members of this subcommittee well know, this bill would revise the Uniform Relocation Assistance and Real Property Acquisition Policies Act so as to provide for minimum Federal payments after July 1, 1972, for relocation assistance made available under federally assisted programs.

Positive and timely action on this bill is essential for the State of New York; unless it is passed, municipalities will not be able to enter into contracts with Federal agencies for federally assisted programs involving relocation or displacement of persons after June 30, since Federal law requires that such expenses be paid as a precondition to contracts being entered into.

In the 26th District of New York, for example, which I represent, the village of Mamaroneck, N.Y., has an application in for open space acquisition before the Department of Housing and Urban Development, but the application has been and will be indefinitely held up pending an agreement on payment of relocation expenses. Such an agreement is stalled pending the passage of the legislation being considered here today.

This is just one simple example of work that cannot go on, although everyone seems anxious to sign the contracts, pending action on H.R. 12784. There are others throughout the State and the Nation.

Mr. Chairman, I respectfully request that you and the members of the subcommittee consider the hardships that failure to act on this bill is promoting, and that the subcommittee act quickly and positively to report the bill.

Thank you very much for providing me the opportunity to express my strong support for H.R. 12784.

Mr. ROBERTS. Thank you, Mr. Reid. Next, Representative William Whitehurst, from the State of Virginia.

STATEMENT OF HON. WILLIAM G. WHITEHURST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. WHITEHURST. Mr. Chairman, thank you for giving me the opportunity to testify on amending the Uniform Relocation Assistance and Real Property Acquisition Act of 1970—Public Law 91-646—for the purpose of providing financial relief to our Nation's cities.

Unless this committee and the Congress act quickly, we will all be a party to placing a heavy financial burden on the cities of this Nation, particularly those that are making the greatest efforts to improve the conditions of their urban existence. At the end of this month, the full effect of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 will begin to be felt.

Prior to the enactment of this law, there were only two relocation assistance programs in effect in the Federal Government, one in the Department of Transportation and the other in the Department of Housing and Urban Development. Under the now-repealed HUD program—section 114 of the Housing Act of 1949 as amended dealt with relocation assistance and was repealed by Public Law 91-646—a tenant could have received up to $1,000 to relocate, plus $200 moving expenses. A single family homeowner could have received up to $5,000 in replacement housing payments, plus $200 moving expenses. A displaced business could have received up to $25,000, which was a departmental payment since, unlike the preceding, payments for displaced businesses were regulatory, not statutory. All of these payments were made solely by the Federal Government.

Under the Department of Transportation, the Federal Highway Administration's relocation assistance program consisted of payments made available to displaced individuals, families, and businesses, with the payments being made jointly by the Federal Government and local governments according to the matching provisions of the Federal program responsible for dislocating the individual. It was this concept of making relocation assistance payments on a program matching basis that was incorporated in Public Law 91-646.

Under the Uniform Relocation Assistance and Real Property Acquisition Act of 1971, provisions for expenses incurred in moving were greatly expanded and ceilings for replacement housing payments and rental assistance payments were also greatly increased. The payment ceiling for rental assistance was raised to $4,000, and the replacement ceiling for housing payments was increased to $15,000. These figures are certainly higher than was allowed under section 114(c) of the Housing Act, but the important factors are these: For the first time, there is a uniform program for all departments and agencies of the Federal Government, and the entire program is based on local matching with the Federal Government according to the matching provisions of the program participated in.

This, of course, means that for the first time every individual, family, or business displaced by a project involving the Federal Government will have the opportunity to relocate in a home, apartment, or business location similar to that which they were forced to vacate, without facing the type of financial burden which those before them have had to face.

Previously, when homeowners were scheduled to be displaced because of a Federal project, they received a market price for their

home. Unfortunately, unless they were displaced by a HUD or DOT program, they received no relocation assistance, and the sale price they received for their home seldom allowed them to purchase similar accommodations elsewhere.

This new relocation assistance law will remedy this problem. However, it has created financial problems for the cities, the magnitude of which could not have been foreseen by the Congress. Those cities active in developing new urban renewal programs must now match every HUD dollar they receive for relocation assistance, and up to higher ceilings than previously existed.

In order to assist the cities in the period between the initial passage of this act and the end of the fiscal year, at which time the matching provisions of the law come into effect, Congress provided a temporary Federal payment of $25,000 for relocation assistance.

Fortunately for many of the cities which have been very active in the past, the Comptroller General handed down a decision that all programs already in effect were excluded from the matching provisions of the law.

It appears that Congress has come up with a cure that is worse than the disease. In an attempt to offer equity and relief to those displaced by Federal programs, the cities of this Nation have been handed a financial burden that could total more than $300 million a year commencing June 30, 1972.

Because of the dire financial condition of many of our large metropolitan areas, the administration and Congress have been attempting to provide meaningful financial assistance to local and State governments through various forms of revenue sharing. Most committees of Congress right now have at least one form of revenue sharing under consideration or pending, and the House will be voting on general revenue sharing next week. It appears to me that to allow the matching provisions of Public Law 91-646 to come into effect without providing at least a minimal degree of financial relief is contrary to the general aims of Congress.

It is for this reason that I have introduced in the House H.R. 10903. My bill would amend section 211 of 91-646 (84 Stat. 1894) by adding at the end of subsection (c) the following new subsection, (d):

(d) Nothing in this act shall alter the percentage of Federal payment for any relocation assistance program in effect prior to the enactment of this act, up to the maximum amounts authorized in those programs.

It is clear that this amendment is designed not only to provide a base under the new law for all HUD programs, but also to serve as a statement of policy that the Federal Government should provide the cities with at least the financial assistance they received in the past.

My amendment would provide for the first $1,000 provided for rental relocation payment (as in subsection (c)(2) of section 114 of the Housing Act of 1949 as amended) and the first $5,000 provided for replacement housing (subsection (c)(3) of section 114 of the Housing Act of 1949 as amended) to be funded by the Federal Government, and the remainder, up to the new ceilings, would be matched according to the provisions of the program being participated in. This same concept will be in effect for relocation payments provided displaced businesses, since the $25,000 paid by the Federal Govern-

ment was a regulation, not a statute level of payment as in the previous two cases. I used the term "program" in my amendment in order that both the statutory level and the regulatory level of payments could be covered.

In no way does my amendment affect other provisions for assistance in the new act, nor does it affect relocation assistance programs not in effect prior to the enactment of Public Law 91-646. It is aimed at restoring the Federal level of contribution contained in section 114 of the Housing Act of 1949 as amended.

Mr. Chairman, I feel that the financial assistance my bill would restore to the cities is a minimum, and that action must be taken quickly, since the end of the fiscal year is upon us. However, we must also be aware of the condition of our economy and face the fact that coming out of a protracted period of inflation has been a long and arduous process, and these factors must be given careful consideration when we undertake new authorizations for the budget.

The fiscal year cost of Public Law 91-646 for the Department of Housing and Urban Development can be estimated at $312 million. Using the estimate of 75,000 displaced families, individuals, and businesses, the estimated cost to the U.S. budget for my amendment would be approximately $650 million for replacement payments only. This is an increase of at least $338 million. To continue the temporary level of Federal payments of $25,000 to the entire Federal Government cannot be accurately estimated as to cost with the figures I have been able to obtain, but the cost to the budget for HUD would be approximately $1.1 billion for fiscal year 1973.

Mr. Chairman, permit me to state again that my concern is for providing financial relief to our cities, and that the minimum relief I feel Congress should extend is outlined in my amendment. Whatever level of assistance the committee feels can be offered, let me urge that it be provided before the deadline of June 30, 1972.

Thank you, Mr. Chairman and members of the committee.

Mr. ROBERTS. Thank you, Mr. Whitehurst. Next, our colleague from the State of Georgia.

STATEMENT OF HON. PHIL L. LANDRUM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. LANDRUM. I am here in support of S. 1819 which extends for an additional year certain provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

On February 24, 1972, in the House of Representatives I introduced similar legislation (H.R. 13395) on behalf of myself, Mr. Flynt, Mr. Stephens, Mr. Davis of Georgia, Mr. Stuckey, and Mr. Mathis of Georgia.

This action was taken because under the act of 1970 an effective date clause requires compliance no later than July 1, 1972. Should a State, for any reason, be unable to comply, this act provides for a total cessation of the flow of Federal funds into programs within the State which displaces individuals or businesses from their premises.

Particularly, I point to my own State of Georgia. Shortly after the passage of the act of 1970, the Governor appointed a committee

to study such legislative changes as might be needed in order to comply with the provisions of the Federal mandate. This committee found that constitutional authority, common to all public bodies in the State, did not exist for implementation of the Relocation Act.

Upon the recommendation of this committee and the State administration, the General Assembly of Georgia has proposed an amendment to the State constitution to assure compliance with the act. However, this resolution cannot be considered by the people of the State until the general election which is to be held in November of this year—well after the compliance deadline.

In view of the situation in Georgia, and the obstacles some other States are encountering in complying with the Relocation Act, I am convinced that additional time is warranted. To allow Georgia and these other States to comply, I urge the committee to issue a favorable report on S. 1819.

Mr. ROBERTS. We will proceed with the next witness, Mr. Robert Hubbard, the assistant commissioner, Department of Housing and Community development, from Baltimore.

Mr. HUBBARD. Thank you, Mr. Chairman.

STATEMENT BY ROBERT HUBBARD, ASSISTANT COMMISSIONER, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Mr. HUBBARD. Mr. Chairman and members of the subcommittee:

My name is Robert Hubbard, chairman of the relocation Committee of the National Association of Housing and Redevelopment Officials (NAHRO). I am also assistant commissioner for the Department of Housing and Community Development for the city of Baltimore. I am pleased to present this statement on behalf of NAHRO which represents local urban renewal, housing and code enforcement officials throughout the country.

Currently our membership includes over 1,800 local agencies and 8,000 individuals. An important part of this membership is composed of urban renewal agencies which are responsible for the administration of relocation payments and assistance in connection with displacement under urban renewal and other federally assisted programs.

We are here today to strongly urge the subcommittee to enact the provisions of S. 1819, and related House bills. These bills remove the July 1, 1972, cutoff date which requires that all relocation costs be shared by local communities, and would permit the continuation of present Federal contributions to relocation expenses. As you know, this stipulation in the act, if not amended, would require the local government to share from 25 to 33 percent of these relocation costs.

The most critical problem raised by the implementation of the Uniform Relocation Act is the requirement that already financially hard-pressed local governments bear a substantial portion of the relocation costs. Many existing community improvement programs will suffer substantial cutbacks, and in some cases, cities will be unable to undertake new programs even though they are desperately needed.

The Senate bill, S. 1819, cures this problem. Other difficulties have been raised by the implementation of the 1970 act, such as: the uniform application of its provisions by different programs and the im-

perfections of State laws preventing communities from participating. Remedies are being studied in the Federal and local agencies, in Congress and in State legislatures in a persistent effort to seek uniform application of the act.

Such improvements in the 1970 act can be considered in 1973, after there is more experience with its administration. The financial burden imposed by the act on communities remains the single most important item for action this year.

The Federal laws and regulations for relocation assistance and payments in urban renewal are the most fully developed of all federally aided relocation programs. Their beginnings can be found in the slum clearance and redevelopment program authorized by the Housing Act of 1949 which contained specific relocation requirements for the first time in Federal legislation. Following the report of the President's Advisory Committee on Housing Policies, the Housing Act of 1954 broadened the concept of rehousing displaced families and suggested the establishment of a citywide relocation agency. Congress, in the Housing Act of 1964, introduced the requirement for specific types of relocation assistance involving the displacement of individuals, families, and business concerns occupying property in the urban renewal area. Each successive act of Congress dealing with the issue of relocation has broadened and further defined the responsibility of the local agency in this area; culminating in the 1970 Uniform Relocation Assistance and Real Property Acquisition Policies Act.

Local renewal agencies in the communities throughout the country comprise the most significant body of experience in relocation, particularly in urban renewal areas, related to the rehousing and resettlement of displaced persons and businesses. Their expertise has been instrumental in the development of increasingly effective relocation practices over the last 20 years. It is this body of professionals who request that you reinstate the full Federal cost sharing for relocation payments.

NAHRO continues to receive reports from communities as to the serious impact of the local share requirement, on their programs, particularly as we approach the July 1, 1972, cutoff date. To illustrate this impact, we submit, and we respectfully request that it be included in the record, exhibit A attached to this testimony which details the critical situation faced by many communities across the Nation because of the sharing requirement. This exhibit, composed of a series of quotations from 30 of the letters received by NAHRO, demonstrates the effect of this requirement in communities of all sizes in all areas of the country.

The following chart, based on the NAHRO relocation survey of December 1971 and more recent documentation, substantiates the impact of the local cost share requirement on cities of varying size. The figures represent the range of the local contribution estimated by cities in each population category for fiscal year 1973 if S. 1819 is not enacted. As you can see, the range of additional local payments shows a low of $14,000 to a high of $4 million. The third column shows the median additional local payment in each population category. These figures reflect an estimated total contribution by the localities of $93 to $125 million for fiscal year depending upon whether the local share

is based upon 25 to 33 percent. This additional cost represents a severe financial burden to cities already unable to adequately meet the needs of their citizens.

(The table referred to follows:)

Cities by population grouping	Range of local share of relocation payments estimated for fiscal year 1973	Median local share
Over 1,000,000	$590,249–$4,316,793	$1,510,626
500,000 to 1,000,000	173,566–3,453,871	410,666
250,000 to 500,000	96,666–1,731,700	651,517
100,000 to 250,000	20,000–1,200,000	279,973
50,000 to 100,000	27,050–704,533	211,106
25,000 to 50,000	14,338–263,175	86,750
10,000 to 25,000	37,500–264,966	69,000

Mr. HUBBARD. Another emergency issue for action this year which has been recognized in the Senate-passed bill, relates to State compliance. The provision in S. 1819 grants a limited extension of the effective date of the Uniform Relocation Act to all those States, currently unable to comply with certain provisions of the act, an opportunity to bring themselves into compliance. NAHRO strongly supports the inclusion of similar language in the final House bill.

NAHRO would also like to lend its support for action this year to a provision in S. 1819 which requires the head of a Federal agency, supplying funds for a project, to furnish relocation payments and assistance to displacees. The intent of this amendment is to provide assistance for tenants who are displaced as a result of a sale of property to a private agency or individual receiving Federal assistance. Careful consideration should be given to how the relocation cost is paid for this displacement. The payment should not be added to the project cost, since it would defeat the purpose of the program. For example, if this were added to the cost of a mortgage under the 235 homeownership program for lower income families, it would impact directly on that family's ability to purchase the housing. NAHRO has long recognized the inequity and the problems of individuals who are displaced and are not covered by the Uniform Relocation Act. This amendment in the Senate bill, which has been qualified through clarifying language on the floor, is an acceptable means of eliminating one of the major inequities in the present legislation, and can serve as a beginning for further evaluation of this complex issue.

Further, I would like to make a comment about some of the testimony earlier today by the gentleman from the Office of Management and Budget on the effects of eliminating relocation costs as a 100 percent item.

OMB states that relocation costs are a controlling determinant in the site selection process. This is not the case. The basic objectives of the urban renewal program, as well as local experience, clearly indicate that the need to clear blighted areas and to meet citizen desires in community rebuilding are in fact far more important considerations than judging alternate sites on the basis of their relative relocation costs.

This has never been a basic objective in the urban renewal program as well as other local experience.

I would like to thank you for the opportunity of appearing before the subcommittee this afternoon.

Mr. ROBERTS. Thank you, Mr. Hubbard. We appreciate having you here.

We continually hear people testify as to how desperate their financial status is.

How much money would Baltimore get out of revenue sharing?

Mr. HUBBARD. At this point I am unable to say.

Mr. ROBERTS. Well, it is an awful lot of money. So you want your cake and eat it too. We are $43 billion in the red this year. This Federal Government, $43 billion. How are we going to keep on paying and paying and paying, if nobody pays us?

Mr. HUBBARD. I can understand, Mr. Chairman. It is a problem relating to local communities as far as planning and development. We are in the middle of it. Relocation costs have historically been 100 percent grant items and we have planned that way. We are being told it is part of the project costs.

Mr. ROBERTS. I want to say with reference to your situation in Baltimore, I have been over there and I think probably you are doing as good a job as any city in the United States.

Mr. HUBBARD. Thank you very much.

Mr. ROBERTS. That is still not to say that we ought to absorb all of the cost. The only way we have of raising the money is to tax somebody. And when we are facing the kind of deficit that we are facing, I do not know where we are going to get it unless we have a sound basic government. The rest of it is not going to make any difference. I am not arguing, I am just saying that we have some problems too.

Mr. HUBBARD. I understand that, but I would hope, Mr. Chairman, that the full committee would consider the situation that the 1970 act has brought about in local communities.

Mr. ROBERTS. How would you handle the illegal tenancy? I will give you one specific example that occurred in my State. Let me go off the record.

(Discussion off the record.)

Mr. ROBERTS. You made a good statement and I wish I agreed with you.

The gentleman from California.

Mr. CLAUSEN. Well, you know, we find ourselves somewhat on the horns of a dilemma because originally some of these federally assisted housing programs, urban renewal and all these things were designed initially to try to help upgrade the living conditions in a given area, trying to help people in the communities. And then all of a sudden we find that it is our responsibility. After we have done everything we can to help them there is an additional responsibility tacked on to that assistance. And it goes on and on and on.

What are you people doing in the city of Baltimore and the State of Maryland to expand your tax base and your revenues to handle the problems?

Mr. HUBBARD. Are you speaking specifically to the problems of displacement?

Basically, under the neighborhood development programs planned with community input, by that I mean the citizens calling the shots relating to development within that community as to who gets dis-

placed and what gets displaced. Those citizens are anxious to remain in the community so a minimum amount of displacement is going to occur.

Mr. CLAUSEN. Well, if I can interject at that point, if they want to stay in those places, is there not a commensurate desire to want to share in the cost factors involved to improve the facilities where they want to stay?

Mr. HUBBARD. Looking at the situation realistically, most of those communities in which urban renewal is going on, those citizens are suffering from lack of income themselves, and opportunity related to jobs and education.

Mr. CLAUSEN. The point I am making is that your situation is not unique.

Mr. HUBBARD. No, it is not unique.

Mr. CLAUSEN. And we see many areas of the country that do take the initiative to broaden their economic base.

Mr. HUBBARD. We are doing that in Baltimore. Look at the harbor area, the proposed planning, the Charles Center which is a reality right now. Plans for a new town, Cold Spring. I think if you take a good look at Baltimore you will see that maximum efforts are being expended to broaden its tax base.

Just the other day our mayor related to a member of city council in response to a question about current taxes that are being paid down in the harbor area. I do not have the exact figures. He was saying that the tax base would be increased three times after the urban renewal project is completed. I think that is the sort of thing we are doing.

You are welcome to come to Baltimore and take a good hard look.

Mr. CLAUSEN. I take it from that that you will have three times as much money with which to match these programs.

Mr. HUBBARD. Correct and to meet our other needs also.

As I said before, historically, relocation costs have been 100 percent grant items. They have not been a part of the project expense.

The Federal Government said, we will give you 100 percent of the cost of displacement of families and that is not part of your project expense. It recognized at the beginning that it was a tremendous task to uproot families from their communities and relocate them in new communities. It did not see it as part of the project expense.

Mr. ROBERTS. Let me say that we did not uproot them. The Federal Government did not uproot them. We agreed to pay the costs and, honestly, if you had to raise part of this, you might not uproot as many of them.

Mr. HUBBARD. Let me say that if indeed you do not act on S. 1819, then indeed it would curtail the total amount of displacement, and urban progress as well.

Mr. ROBERTS. That is the best argument I have heard for the project.

If it gets to the point where there is not enough money to do both, the urban renewal and other bills, and relocation, where do we draw the line?

Mr. HUBBARD. That is the dilemma we are in now.

Mr. ROBERTS. You made a good statement. I appreciate having you here. Off the record.

(Discussion off the record.)

Mr. ROBERTS. Thank you very much.

(The information referred to follows:)

NAHRO Information Center for Community Development—Impact of Local Sharing of Relocation Assistance on Local Communities

(Excerpts from 30 letters received by the NAHRO Information Center for Community Development)

A MIDDLE-SIZED CITY IN VIRGINIA

"Primarily we are concerned with the provisions which eliminate the 100% Federal financing of relocation benefits. Since we have a contract with the Department of Housing and Urban Development for urban renewal assistance which was executed shortly after the passage of this bill we find ourselves to be in a rather unfortunate situation. Our budget not only did not provide for the increased relocation benefits but also our City, in undertaking the project, certainly did not contemplate the additional expense to it which will arise from this legislation."

"Our estimate of additional cost which will be realized under this bill is computed to be $400,000 because of the increased benefits. Since our City has under 50,000 population this represents an approximate increase of $100,000 in project cost to the City. We would like to point out that 52% of the urban renewal projects in this country are in communities of less than 50,000 population so we are not alone in this predicament. It should also be noted that 76% of the cities participating in the urban renewal program are less than 50,000 in population."

"If the smaller city is to continue to participate in this worthwhile program, action must be taken to maintain the financing of relocation benefits as a 100% Federal contribution after June 30, 1972, the effective date of the PL 91–646 relocation cost sharing. Therefore, I am asking that you give your support to S. 1819 which contains an amendment to correct the relocation cost sharing provision of PL 91–646."

A LARGE NORTH CENTRAL STATE

"This can be significant legislation (the amendment eliminating the cut-off date of July 1, 1972) for all community development agencies utilizing HUD funds and displacing people from their homes, businesses or farms. Without this, the cost which must be incurred for relocation would be borne as project costs on the regular cost sharing basis. In some cases this could mean the difference between a financially feasible project and a non-feasible dream."

A MIDDLE-SIZED COMMUNITY IN NEW JERSEY

"In our local program, $878,124 has been budgeted for the current year relocation workload. If the law stands and the community is required to allocate a matching share, it will mean an additional $219,532 of scarce local resources that would be taken away from other vital locally financed community programs. This appears to be contrary to the concept of strengthening the local communities financial resources capability. We ask that you support these bills (the Baker-Brock bills) as well as an additional amendment, not in this bill, that will provide one more opportunity for States to amend their constitutions and laws to conform with the requirements of the 1970 Uniform Relocation and Real Property Acquisitions Act of 1970."

A MIDDLE-SIZED COMMUNITY IN CALIFORNIA

"I am sure you are fully aware of the inability of cities like ours to assume any more financial burdens than the financial straits in which we find ourselves. Therefore, we hope you will exert all your influence in favor of the adoption of (Baker-Brock) amendment suggested."

A LARGE CITY IN WASHINGTON STATE

"The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91–646) has provided valuable benefits and assistance to individuals, families and businesses necessarily displaced by renewal activities. However, the provision contained calling for sharing of relocation costs with State and local agencies after July, 1972 will substantially increase project budgets. In fact, the requirement for sharing of such costs will price renewal programs out of the very areas they were designed to help. As a result, deteriorated areas in which clearance is required in order to provide new housing and public improvements will be excluded from participating in renewal pro-

grams due to increased local costs. Future Neighborhood Development Programs would be limited mainly to less deteriorated neighborhoods where rehabilitation of housing is feasible, while more blighted areas would have to go unassisted."

A MIDDLE-SIZED COMMUNITY IN ALABAMA

"We estimate an additional cost to the city of $811,650 over the next few years. This additional cost, a direct result of the cost sharing requirement in the Uniform Relocation Act, will equal 23 dollars per capita."

A MIDDLE-SIZED COMMUNITY IN ARKANSAS

"Our concern relative to the passage of this legislation is based on the fate of a similar bill (H.R. 8361) introduced in the House by Representative Dan Kuykendall of Tennessee. Hearings were not scheduled on this bill and it apparently died in the Public Works Committee. Congressman John Blatnik, Chairman of this Committee, has stated that he feels a full two years are needed to study the effects of P.L. 91–646 before attempting to revise it."

"We are convinced that much harm would be done to the urban renewal program during such a period of time. Many cities would be unable to initiate new programs due to increased cost. Some Local Public Agencies, with no projects in execution, might well have to cease operation and suffer the loss of trained personnel who may never be regained. Credibility in the community would suffer when planned projects are not put into execution. In the event that, following the proposed two-year study, it is found advisable to return to the full federal funding arrangement, many previously-planned projects would again become obsolete and the updating of such data would increase project costs. This would, of course, have the effect of reducing the amount of funds available for execution of badly needed projects. Another consideration is the loss of local grants-in-aid that would occur during the time the effects of this law were being studied."

A LARGE CITY IN NEW JERSEY

"This City's ability to assume even a portion of the relocation costs is greatly circumscribed due to our general inability to locally generate substantial sums of money. Our city has steadily increased its tax rate on the average of 4.7% a year over the last decade in an effort to meet increasing costs. As a result, the current tax rate, $13.92 per $100.00 of assessed valuation, is literally confiscatory, as witnessed by a dramatic increase in the number of vacated properties within the City."

"We face similar difficulties in the area of general obligation bonding as at the present the City is within .07% of its bonding capacity."

"It is most assured that the assumption of such costs would greatly curtail our programs involving the abatement of urban decay and future development."

A SMALL COMMUNITY IN CALIFORNIA

"Small communities are hard pressed to provide their local matching funds for HUD assistance programs under the existing formula, the added burden placed upon the local communities in the sharing of the liberalized relocation assistance payments as required under the 1970 Uniform Relocation Act will drastically curtail and, in some cases, even render impossible the use of various HUD programs by the smaller communities."

A SMALL COMMUNITY IN KENTUCKY

"We feel that the Uniform Relocation and Land Acquisition Policies Act of 1970 will be a great asset to the Community Development concept, but if local communities are forced to share in the cost of relocation payments, it will eliminate Community Development in our City."

A SMALL CITY IN NEW YORK STATE

"Our Urban Renewal Project is well into all phases of execution. However, some of the bigger commercial moves, such as a lumber yard, a sizeable shop, and several retail merchants cannot be relocated until after July 1, 1972, as their new facilities will not be available until after that date.

"The Town had to extend itself financially to meet its one-eighth share, amounting to $478,457, which, together with the one-eighth contributed by the State of New York (also $478,457) made it possible to undertake its 33 acre project.

"To ask the Town at this late date to contribute 25% of the Relocation costs after July 1, 1972, would have a serious and upsetting effect on the local financial structure, as well as, in our opinion, breaking a contract which was entered into in good faith on the assumption that the Town would not be obligated beyond the $478,457."

A SMALL CITY IN MICHIGAN

"The sharing requirement would deal a serious blow to two on-going, federally-funded programs in this City. Should the 1970 Uniform Relocation Act stand in its present form, the City estimates it will be confronted with $150,000 in unanticipated costs after July 1, 1972."

A LARGE COMMUNITY IN CONNECTICUT

"The Uniform Relocation and Real Property Assistance Act of 1970 will soon be brought before your (Senator Muskie's) Committee in discussion of several sorely needed amendments to the Act. While the benefits to relocatees have been greatly improved by this legislation, implementation may be stifled by the requirement, effective July, 1972, that cities share relocation costs with the federal government. For many cities, including ours, these costs would be prohibitive and would severely restrict renewal activities.

"Our City presently has five renewal projects in execution. The City has sufficient non-cash credits to finance these projects plus two upcoming NDP's for the next two to three years. Relocation costs after July 1, 1972 are estimated to be in excess of $2,400,000 for the five existing projects and ultimately close to $15,000,000 for the two NDP's compelling the City to provide approximately $5,800,000.

"If relocation costs were to be included in the sharing of Net Project Costs it would be impossible for the City to provide its share, thereby causing serious damage and probable halt to the urban renewal program."

A LARGE CITY IN MINNESOTA

"It is estimated that on the basis of a sixteen (16) million dollar grant requested for our fourth Neighborhood Development Program Year, the local share will increase by one and one-half (1.5) million dollars simply in order to meet the sharing provisions of the 1970 Uniform Relocation Act. Thus, an already financially pressed city will be obligated to divert funds to provide for the local share of the relocation program which otherwise would have been spent on public improvement to improve the Community, such as streets, parks, etc."

A MIDDLE-SIZED COMMUNITY IN CALIFORNIA

"This provision will place a tremendous additional burden on our city as well as many others throughout the nation. We have estimated that our own relocation budget for the 1972–1973 NDP activity year will be $1,265,084. If new legislation is not passed to amend the Uniform Relocation Act to eliminate the July, 1972 cutoff date, the City will have an additional $316,271 added to its local share."

A LARGE CITY IN PENNSYLVANIA

"Blight and deterioration, with the resulting erosion of the local tax base, are major problems of the American city. Under the 1970 Act, after July 1, 1972, the costs of relocation will be shared on the same basis as other project costs, whereas, under the prior provisions, these costs were fully paid by federal grant. This local sharing will place a substantial financial burden on local communities, which can generally ill afford these additional costs. It also means more of the City's limited funds will have to go for relocation benefits at the expense of other activities aimed at removing blight and deterioration, and checking abandonment. In recognition of the fiscal crisis facing our cities today, Congress should rescind the financial burden placed upon our cities by the 1970 act and restore full federal funding of relocation benefits."

TWO CITIES IN VIRGINIA

"As both our cities will have programs outside of redevelopment projects that will cause displacement, I hope that you will find a way to broaden the Whitehurst and Kuykendall bills to extend *indefinitely* the period during which the Federal Government would pay 100%. Relocation is a popular issue now and additional impediments calling for our cities to share in the costs, even above $5,000, could delay and possibly cancel worthwhile public programs in the Tidewater area."

A MIDDLE-SIZED COMMUNITY IN MASSACHUSETTS

"It is estimated that if this amendment (eliminating the cut-off date of July 1, 1972) is not passed, the cost to the city would be from $300,000 to $400,000 in addition to the present project cost."

A SMALL COMMUNITY IN KENTUCKY

"We feel that the Uniform Relocation and Land Acquisition Policies Act of 1970 (Public Law 91-646) will be a great asset to the Community Development Concept, but if local communities are forced to share in the cost of relocation payments, it will *eliminate* Community Development in our City."

A MIDDLE-SIZED COMMUNITY IN TENNESSEE

"The additional cost to the City attributable to the Uniform Relocation Act for two urban renewal projects now in execution would be $540,942. When the two pending projects are funded, the additional costs would make implementation prohibitive."

A MIDDLE-SIZED COMMUNITY IN MAINE

". . . changes in the relocation picture are having a devastating effect upon the budgetary capability of local communities to carry out redevelopment programs."

A MIDDLE-SIZED COMMUNITY IN OKLAHOMA

"If this Act stands as passed (Uniform Relocation Act), we along with many other cities throughout the nation, will face a major crisis in its renewal program. We probably could not provide adequate financing for our share of the additional relocation costs and thus our program would be severely damaged."

A SMALL TOWN IN ALABAMA

". . . total relocation costs will equal $575,000 for a project which was approved and started last year. Of this, the additional cost to the city will be $144,000. For a community our size (9,000 population) this is approximately $16 per person."

A SMALL CITY IN KANSAS

". . . that part of the act that provides that relocation becomes a part of the general project cost creates a situation beyond the capacity of local government to cope with the cost.

"In this respect we urge support of the Baker-Brock Bill which would provide for a continuation of the 100 percent federal contribution, by deleting the July 1, 1972 cut-off date."

A GROUP OF SOUTHERN CALIFORNIA CITIES

"If the present cut-off date of July 1, 1972 for such federal contribution should stand, it will have a disastrous effect on local urban renewal programs, many of which will not be able to finance the increased relocation costs with local funds."

A MIDDLE-SIZED CITY IN NEW YORK STATE

"With the New Act mandating the sharing of relocation expenses after July 1, 1972, many localities may have to cut back on relocation staff in order to keep

their share of the cost to a minimum. We estimate that it will cost the City at least $575,000 more per year to operate its relocation programs under the new Act than under the old regulations. Assuming that the State of New York continues to reimburse the City of one-half of the local share, this still leaves the City with an additional local share of $287,000. With the fiscal problems of this City, the added cost will be a difficult burden to bear."

A SMALL CITY IN INDIANA

"Since the Housing Act was first amended to provide for relocation payments, the relocation payments have been 100% reimbursable by the Department of Housing and Urban Development. If the present cutoff date of July 1, 1972 for such full Federal contribution should stand, it would require us to absorb one-third of these costs with local funds. This would shift the burden of a portion of this payment from the Federal Income Taxpayer to the Local Real Estate Taxpayers. I sincerely feel that H.R. 8361 should be enacted so that any additional burden can be avoided."

A SMALL CITY IN ARKANSAS

"We do not see how our City can afford the twenty-five percent share of all of the grants."

A MIDDLE-SIZED COMMUNITY IN NEW YORK STATE

"An additional financial burden on local government, at this time, which will result from the Uniform Relocation Assistance Act, seems incongruous in light of the financial plight many cities in this State find themselves. It even seems more incredible when one understands that this is a federally mandated cost."

A MIDDLE-SIZED CITY IN OHIO

"It is intolerable to imagine that those cities which had previously contracted with HUD for Federal Urban Renewal funds; and who had planned carefully their fiscal commitments to coincide with these funds, could now be 'switched in mid-stream' so as to cost those cities considerably more than the original contract indicated . . . the cities did not have an opportunity to voice their approval or disapproval concerning this facet of the Act in question.

"We whole-heartedly endorse the Uniform Relocation Assistance and Real Property Acquisition Act, but find no reason what-so-ever for the Federal Government to transfer their previous responsibilities to local government. It is the local government that is barely keeping its head above water and requesting federal assistance to bridge this gap. It would appear that this philosophy has reversed itself."

A MIDDLE-SIZED COMMUNITY IN NEW HAMPSHIRE

"It is my opinion that the relocation budget for all projects will increase by 100%. This being the case, the total relocation budget for our Project, N.H.R–7 for example, would have gone from $1,365,600 to $2,731,700, with the City paying ⅓ or $910,400 an increase in the local share of the project of 25%. It is my opinion that with ⅓ of this additional cost added that the City's share for relocation costs in *only one* project which could have exceeded $1,000,000, the hope for any additional projects in the future would be doubtful due to the financial problems now faced by the City."

Mr. ROBERTS. The next witness is Mr. Roy D. Hoover, National Association of Counties, director of urban affairs for the city of Los Angeles—Los Angeles County.

Mr. Hoover, we are pleased to have you before the committee.

Proceed in any way you wish.

STATEMENT OF ROY D. HOOVER, DIRECTOR OF URBAN AFFAIRS LOS ANGELES COUNTY, CALIF., NATIONAL ASSOCIATION OF COUNTIES; ACCOMPANIED BY JOHN C. MURPHY, LEGISLATIVE REPRESENTATIVE FOR THE NATIONAL ASSOCIATION OF COUNTIES

Mr. HOOVER. My name is Roy D. Hoover, director of urban affairs for Los Angeles County, Calif. It gives me a great deal of pleasure to appear before you to represent the interests of not only my own Los Angeles County but that of the Nation's 3,062 other county governments as well. Accompanying me this afternoon is John C. Murphy, legislative representative for the National Association of Counties (NACO). We will both be available for any questions or comments the subcommittee may have at the conclusion of my prepared statement.

Mr. Chairman, I wish to lend Los Angeles County's support and that of NACO as well to S. 1819, passed by the Senate on April 12, 1972, which would provide, among other things, for minimum Federal payments after July 1, 1972, for relocation assistance made available under federally assisted programs. If this pending legislation is not enacted by the Congress prior to July 1, there will be a tremendous adverse impact, which I will spell out later, on all federally assisted projects requiring relocation.

NACO has long supported Federal assistance to those persons and businesses displaced by direct Federal or federally assisted programs. In its official policy statement, the American county platform adopted in August 1967, the Association called upon Congress to authorize, through appropriate legislation, a uniform and consistent Federal relocation policy, including compensation for the costs of such displacements. Additionally, representatives of NACO have appeared before various committees of the House and Senate in 1966, 1968, 1969, and 1970 advocating this same position. We were, of course, very pleased that Congress enacted the Uniform Relocation Assistance Act in 1970 which authorized the Federal Government to pay 100 percent of the costs of relocation up to $25,000.

However, as the subcommittee well knows, the act of 1970 contained a provision that, after July 1, 1972, all federally assisted local projects requiring relocation must be shared by the Federal and local governments in the same ratio as other project costs.

As I have indicated before if this provision is allowed to stand it will have a tremendous adverse impact.

Mr. CLAUSEN. May I ask at that point, knowing that this was in the act, what did you do to prepare for that?

Mr. HOOVER. First we tried to get every project going that we could. Second, all we could do was be prepared, if necessary, to curtail the number and scope of the projects, assuming that we just did not have, as you may not have, the additional funds available to bear the burden.

Mr. CLAUSEN. Let us assume for the moment that the Federal Government does not have the money; what are you going to do?

Mr. HOOVER. I think if funds are not available from the Federal Government, we will have to either eliminate certain projects or reduce the scope of them. We have such a backlog of projects, and

there is such a pressure in the community for more projects, we are reluctant to see any action which would reduce Federal money which, in turn, would prevent us from moving as rapidly as we would like—which is not as rapid as we should be moving.

Mr. CLAUSEN. The net effect, as I understand your comment, you assumed that the Congress would do something about extending the act, and you did not really make any preparation to take on what was spelled out very specifically in local responsibilities to comply with the act of——

Mr. HOOVER. Not necessarily, sir. First, we hoped to get some of the projects done earlier. But for many reasons we were unable to complete them during that period of time, in which 100 percent funding would have been available. But now, then or in the future, if this additional funding is not available, we simply will have to reduce the scope and nature of the projects.

Mr. CLAUSEN. What did you do to raise the funds to meet the requirements of the act?

Mr. HOOVER. We forecast that if 100 percent funding does not continue we would have to reduce the nature and scope of the projects. We do not want to do it, but that is what we will have to do. Because of the pressure we face locally for these kinds of programs, we hope that the Federal funding which is now available will continue so we can continue the project level. If it is not available, we cannot do it.

Mr. ROBERTS. If I may be a little facetious, what you are saying is it is easier on you if we tax the people and give it back to you than it is for you to tax the same people to do the same job.

The committee will stand in recess. We have a rollcall. I am sorry.

(A recess taken.)

(Mr. Kluczynski, subcommittee chairman, assumed the chair.)

Mr. KLUCZYNSKI. We will now resume the hearing.

Mr. HOOVER. I was in the process of making the point that the severe financial crisis on the local level of government is such that we just cannot meet the increased costs resulting from assuming a greater financial burden of relocation costs without the curtailment or elimination of projects entirely.

Furthermore, putting relocation assistance on a program-by-program matching formula basis will take away that very uniformity which the original act intended to create.

It is likely to bring forth again the obstacles which have plagued all of us all along as counties and other local governments defer one federally aided project after another and choose to proceed on that one which has the higher matching Federal ratio.

This is one of the problems with the Federal grant programs now, a lack of flexibility and discretion at the local level.

But, more importantly, full Federal relocation assistance up to a reasonable level is imperative to provide the necessary incentive for financially hard-pressed State and local governments to get moving on these vitally needed projects, which, of course, is the purpose of the Federal assistance program in the first place.

The National Association of Housing and Redevelopment Officials points out that the nationwide effect of the act as it now stands on urban renewal projects alone would be that an additional $93.4 mil-

lion, as a minimum, up to $124.8 million in local funds would be needed for the fiscal year 1973.

We have selected data from counties for renewal activities in the fiscal year 1973, and the indication is that the following additional funds would be required if the act were not passed:

Lebanon County, Pa., $53,500.
Westmoreland County, Pa., $99,500.
Montgomery County, Md., $150,000.
Washington County, Pa., $230,700.
Honolulu City and County, Hawaii, $412,000.

There is just no way that projects in these jurisdictions can be continued at their present level if these additional costs are imposed.

Allow me for a moment, if I may, to particularize the impact of the existing law after July 1, 1972, in Los Angeles County.

Los Angeles County happens to be the largest county in the Nation by virtue of its population, over 7 million. It covers over 4,400 square miles. It is larger than the combined area of the States of Rhode Island and Delaware. Half of the county is unincorporated, while the other half contains approximately 77 cities of varying sizes.

Now, Los Angeles County participates in every major program under the jurisdiction of the Department of Housing and Urban Development, including urban renewal, neighborhood development, code enforcement, model cities, neighborhood facilities, water and sewer, and open space.

A very significant amount of Federal assistance is received by the county for these programs, and the programs involve numerous relocations of both persons and businesses.

During the fiscal year 1973 the county will undertake 12 separate redevelopment projects involving relocation of 1,236 families and businesses at an estimated total relocation cost of $5,951,360.

This includes neighborhood development programs, public improvements in federally assisted code enforcement areas, neighborhood facilities, and open space.

It is estimated that during 1973, if S. 1819 is not enacted, that at least an additional $1,983,786 in relocation funds would be required to carry on these projects.

Now, each of these projects were sold to both the public and the board of supervisors on the basis that the first $25,000 of each relocation would be fully funded by HUD. Inasmuch as both the county's preliminary tax rate and its budget have been set for the coming year it would be difficult and politically unpopular to attempt to raise such additional funds now.

In addition, such additional local funds are simply not available and, therefore, the completion of these projects would be delayed, if not their scope curtailed.

Other counties across the country are in the same situation and would likewise have to curtail or eliminate programs planned for the future.

This situation, we feel, runs directly counter to the very purpose for which renewal and redevelopment are undertaken, the elimination of blight in a comprehensive manner.

In summary, then, Mr. Chairman, NACO respectfully requests prompt and favorable action by this subcommittee and the House on

the vital provisions contained in S. 1819 in order that it may become law prior to July 1, thereby assuring the continuation or commencement of many vitally needed projects by our State and local governments.

Thank you very much for the opportunity to present the views of Los Angeles County and the National Association of Counties.

I would be happy to answer any questions.

Mr. KLUCZYNSKI. Thank you, Mr. Hoover, for that splendid statement. I just spoke to Mr. Roberts who chaired the committee in my absence and he informed me that you gave very, very good testimony.

I don't know whether he agrees with it or not, but it is a pleasure to have you before the committee here.

And I would ask you, as chairman of this committee, if you would remain here a few minutes while the committee recesses for a teller vote.

(A brief recess.)

Mr. KLUCZYNSKI. The hearing will come to order. Gentlemen, we have a lot of work this afternoon. We are going to have quite a few rollcalls on teller votes, and I would like to wind up these hearings somehow.

I am happy to have you before this committee. Your views are going to be very beneficial to us when we sit down to write up the legislation.

Thank you for your presence here today.

Mr. HOOVER. Thank you very much.

Mr. KLUCZYNSKI. We expect to be called back to the floor in a few minutes. We are voting on amendments to a very important bill that means so much to the members and to the people of this country.

The next witness will be Mr. Richard W. Lincoln, special assistant, representing the National Governors' Conference.

It is a pleasure to have you here, Mr. Lincoln, and you may go ahead in your own fashion, in whatever way you want to testify.

STATEMENT OF RICHARD W. LINCOLN, SPECIAL ASSISTANT, REPRESENTING THE NATIONAL GOVERNORS' CONFERENCE

Mr. LINCOLN. Thank you, Mr. Chairman. For the record, my name is Richard W. Lincoln. I am a special assistant with the National Governors' Conference.

I have submitted a written statement with several attachments to your committee staff. With your permission, Mr. Chairman, I would like to summarize that statement and ask that the full text be included in the record.

Mr. KLUCZYNSKI. Hearing no objection, your prepared statement will be put in the record in its entirety at this point. You may summarize.

(Statement referred to follows:)

STATEMENT OF RICHARD W. LINCOLN, SPECIAL ASSISTANT, REPRESENTING THE NATIONAL GOVERNORS' CONFERENCE

Mr. Chairman, the purpose of this statement is to indicate the support of the National Governors' Conference for the amendments pending before the Subcommittee to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 P.L. (91-646).

At their meeting last week in Houston, Texas, the Nation's Governors reaffirmed their support for the following statement of policy, which they had adopted initially at their meeting in September, 1971:

"The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 should be amended so as to delete all cut-off dates for the federal funding of the first $25,000 of relocation expenses."

This policy is fully supportive of the legislation you are considering here today. We, therefore, urge favorable consideration of the bills by this Committee and enactment of amendments by the Congress at the earliest possible date.

The bill which recently passed the Senate (S. 1819), and is currently under consideration by the Subcommittee raises three important issues relating to the implementation of a uniform federal relocation policy.

The first of these is the question of continued full federal funding of the first $25,000 of individual relocation expenses. As you know, this feature of the present law is due to expire on June 30, 1972—just fifteen days from today. Beginning on July 1, these costs will become "project costs," and will be borne by the local unit of government in the same ratio as the balance of the project. If the present law is allowed to stand, the result will be a sudden and tremendous burden on the already heavily overburdened revenue sources of state and local governments, principally the property tax. By passing a major portion of the cost of an expensive—though desirable and necessary—federal requirement for providing adequate relocation payments and services on to state and local governments, Congress may, in fact, achieve exactly the opposite of what it intends. Many otherwise desirable public improvements—highways, sewers, pollution control facilities, hospitals, lower-income housing, etc.—may simply never be built at all because of added cost of a comprehensive and humane relocation program. This is not to suggest that the supply of federal dollars is inexhaustable, but it is to suggest that shifting much of the financial burden to state and local governments could well result in the abandonment of numerous works of public improvement because these state and local governments simply cannot afford the added cost.

The second issue before the Subcommittee today is raised by floor amendments to the Senate bill—that is, the question of how to treat private corporations and other non-government entities when they undertake federally-assisted programs involving the acquisition of property and/or the displacement of people. This problem has come to light recently, and is a particularly difficult issue to deal with for those federal agencies charged with administering relocation programs.

In addition, and quite apart from the issue of who pays what proportion of relocation costs, the amendments offered by Senators Baker, Brock and Muskie, and adopted by the Senate, potentially represent a significant increase in the cost of relocation activities for certain agencies, notable the Departments of Health, Education and Welfare and Housing and Urban Development. We cannot ignore the central issue here, however. That is the vary clear fact that, regardless of what legal bureaucratic or corporate device an agency may employ, people are being displaced by a government program designed for the benefit of the community. They suffer no less a burden or hardship for being forced to move by a non-profit housing corporation than by a local housing authority or a state highway department. Regardless of the administrative complexities and cost implications, the equities of this situation are clear and simple. *All* persons displaced by *any* federal program or activity should be treated fairly and uniformly.

We believe this is what Congress intended when they passed the present statute in 1970. That point was made quite forcefully by Chairman Blatnik in his recent letter to Secretary Romney, and we commend the Chairman for his stand. It is clear, however, that the Congress should clarify its position, and the Senate bill does this. Therefore, we support the basic approach taken by the Senate and urge this Subcommittee to endorse a similar position. The critical point is to assure fair and equitable treatment of all persons displaced by federal government activity.

The third issue raised by S. 1819, and perhaps the most significant from our point of view, is the question of the July 1 deadline for state compliance with the federal act. Full implementation of the Uniform Relocation Act may be impeded by legal difficulties some States are encountering. As the result of Congressional enactment of the Uniform Relocation Act, most legislatures have had to enact implementing legislation in order that the States and their respec-

tive localities would legally be able, by July 1, 1972, to offer substantially the same relocation benefits and advisory assistance as that required of Federal agencies for persons displaced by federally assisted projects. In anticipation of this requirement, our offices met with representatives of the Office of Management and Budget, The Advisory Commission on Intergovernmental Relations and the Departments of Housing and Urban Development, Transportation, Justice and Defense on three separate occasions in an effort to develop a suggested act which would enable a state and its localities to comply with the federal law. On March 3, 1971, a little over two months after the enactment of the Federal law, we sent to all Governors, legislative Councils, Executive and Legislative Coordinators of Federal-State Relations and Directors of State Offices of Community Affairs a copy of a suggested act, which, if adopted by a state legislature would bring a state into compliance with the Federal law.

In May of 1971, the Committee on Suggested State Legislation of the Council of State Governments further refined the March 1971 suggested law and voted to include the act in its 1972 volume of *Suggested State Legislation* which was published in October of 1971. The Council of State Governments' suggested state legislation program has been in existence since 1941 and its legislative products are known for their excellence in legislative draftsmanship and timeliness.

During 1971, state legislatures were acting to bring their respective states into compliance with the Federal legislation. Unfortunately, some states were enacting legislation which brought them into compliance for certain programs but not for others—most often for highway programs to the exclusion of community development, health and education programs.

Our offices brought this fact to the attention of the Offices of Management and Budget and appealed for assistance. On February 2, 1972, Vice President Spiro T. Agnew wrote to all Governors, presiding officers of both Houses of the State Legislatures and all legislative councils informing them of the gravity of the consequences if comprehensive state legislation, covering all Federally assisted programs and projects, were not enacted prior to July 1, 1972.

On February 14, 1972, Brevard Crihfield, Secretary-Treasurer of the National Governors' Conference, followed up the Vice President's letter with a further reminder, and enclosed a copy of the "Model Relocation Assistance Act" developed by the Committee on Suggested State Legislation.

On February 18, 1972, George Shultz, former Director of the Office of Management and Budget, sent a directive to all Federal agency heads to the effect that each federal department must do its part in assuring that each state enact comprehensive relocation legislation.

In addition to the foregoing formal communications, our office has communicated individually with Governors and state legislators and we have worked to make sure that at both regional and national conferences of Governors and state legislators the absolute necessity of the enactment of comprehensive state relocation legislation appeared on the agenda.

Despite the campaign to make state officials aware of the need for each legislature to take action, it is feared that on July 1, 1972, some states will not be able to comply for all federally assisted programs and projects. As a result of surveys conducted over the past several months by both our office and the Office of Management and Budget, it now appears that twenty-six States and the District of Columbia have passed comprehensive legislation which will enable them to comply by July 1. In addition eleven more States have passed legislation satisfactory to all but one or two federal agencies having relocation responsibilities. Finally, it appears that only three States (Georgia, Nevada, and Wyoming) have not yet passed some comprehensive legislation. In Georgia, a constitutional amendment will be before the voters in November which, if ratified, will enable them to comply. The legislatures in the other two States, Nevada and Wyoming, have not been in session for well over a year, and will not convene again until next January. The remaining ten States have apparently passed what was felt to be comprehensive legislation, but which in fact was inadequate in the view of several federal agencies.

The important point to be made here is that the States have not shirked their responsibilities under the federal act. To the contrary, virtually all of the States have made a good-faith effort to meet the federal requirements. In fact, many States have gone beyond simply passing legislation which relates only to federal projects and have extended the same relocation benefits and services to *all* persons displaced by *any* governmental activity undertaken within that State, be it a local, a state or a federal project. Despite the fact that over half the States are

able to meet the July 1, 1972 deadline, many others are faced with the probable loss of federal funds in just fifteen days because of technical difficulties of varying magnitude which have come to light since passage of their enabling legislation.

The States have thus clearly indicated their willingness to participate through passage of appropriate legislation. While no purpose would be served by a blanket extension of the effective date of the Act, it would be unfair to severely penalize those States which have made an effort to comply while they solve whatever technical problems may exist. A more equitable solution would be to allow for a partial extension, with the proviso that benefits would be provided, directly by the federal agency if necessary, after July 1, 1972. The approach embodied in the Senate bill before you today would achieve this end, and it has our support. There is every reason to believe the States will respond as quickly as possible to implement any technical statutory changes which may be necessary.

In conclusion, Mr. Chairman, I would like to thank the Subcommittee for the opportunity to appear here today and indicate the support of the National Governors' Conference for the proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

(Items referred to in this statement are attached.)

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VOLUME XXXI

MODEL RELOCATION ASSISTANCE ACT

Developed by
The Committee on Suggested State Legislation

The Council of State Governments
Iron Works Pike
Lexington, Kentucky 40505

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35-60-00 Model Relocation Assistance Act

Relocation of persons and businesses displaced by governmental construction programs is a serious and growing problem in the United States. All indications are that this pace of displacement will accelerate with increased urbanization and the consequent mounting demands for urban services and the growth of federal, state, and local programs for the renewal of cities and the construction of roads. It has been estimated that from 1964 to 1972 the federally aided urban renewal and highway programs alone will dislocate 825,000 families and individuals and 136,000 businesses.

In its 1965 report, *Relocation: Unequal Treatment of People and Businesses Displaced by Governments,* the Advisory Commission on Intergovernmental Relations found great inconsistencies in provisions for relocation assistance among levels of government and among programs at the same level. As a result, a family at that time could be displaced by a state or local public works project and receive no moving expense payments or advisory assistance, while a family across the street, displaced by a federally aided urban renewal project, would be reimbursed for moving expenses and receive governmental help in locating a new residence.

There are serious problems even where governments make earnest efforts to provide relocation assistance. The single greatest problem in relocating families is the shortage of standard housing for low-income groups, particularly non-whites, the elderly, and large families. Among business displacees, small businesses owned and operated by the elderly are major displacement casualties. Advisory assistance is of growing importance for these groups that are most seriously affected by displacement.

In preparation of its relocation study, the Advisory Commission cooperated with the U.S. Conference of Mayors in a joint survey of the problems and practices of 100 cities over 100,000 population. The survey disclosed that federally assisted urban renewal and highway activities together accounted for about 65 percent of the people and about 90 percent of the businesses displaced by governmental action in urban areas.

Uniform relocation policies for all federal and federally assisted projects were established by Congress with the passage of the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" (P.L. 91-646). The Act requires that by July 1, 1972, all States must provide substantially the same relocation benefits and advisory assistance as that required of federal agencies for persons displaced by federally aided projects. Establishment of uniformity among federally aided state and local programs, however, still leaves the problem of inconsistencies and inadequacies among other state and local programs.

State governments should assume responsibility for establishing greater consistency and equity in the relocation practices of state and local programs. The principles of fair treatment involved—as basic as those in

the eminent domain law on which the process of public property taking depends—are matters of fundamental statewide concern and, therefore, require legislative consideration.

The following draft bill is consistent with the provisions of the federal Act and would establish a uniform state relocation policy for persons and businesses displaced by state and local programs.[1] A displaced person would be entitled to reimbursement on the basis of either (a) actual and reasonable expenses involved in moving himself, his family, his business or farm operation, or other personal property, or (b) a fixed payment in accordance with a fixed schedule. The legislation includes the minimum dollar amounts, shown in brackets, which comply with the federal law.

State or local agencies causing displacement would be required to provide a relocation assistance program which would include (1) determining the relocation needs of displacees; (2) assisting businessmen and farmers in obtaining and becoming established in suitable business locations or replacement farms; (3) supplying information about federal government assistance programs; and (4) helping to minimize hardships caused by relocation. State or local agencies would also be required to provide temporary relocation for displaced families and individuals and to provide assurance that standard housing is available or being made available that is comparable in quality, cost, and relocation to that from which they are displaced.

The Governor or the state community affairs department would be required to establish regulations to assure that payments are reasonable and fair, that payments are made with reasonable promptness, and that there is provision for appropriate administrative review of any determination as to the eligiblity for relocation payment authorized by the Act.

In the interest of economy and efficiency, state and local agencies are authorized to use the administrative machinery of other state agencies or units of local government for making relocation payments and providing relocation services.

In cases where a local government causes displacement by a program in which the State shares part of the cost, the locality would be entitled to reimbursement for the relocation cost in the same manner, and to the same extent, as it receives reimbursement for other project costs.

The draft bill was prepared by a task force consisting of persons from the United States Office of Management and Budget, Federal Departments of Housing and Urban Development, Transportation, Justice, and Defense, the National Governors' Conference, the Council of State Governments, and the Advisory Commission on Intergovernmental Relations.

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[1] This draft does not contain a provision for the acquisition of real property as required by Title III of the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970," (P.L. 91-646). A "Real Property Acquisition Act," which incorporates the provisions of Title III of P.L. 91-646, is available from the Council of State Governments, Iron Works Pike, Lexington, Kentucky 40505. The Act is drafted so that its provisions apply to the acquisition of real property funded by federal, state or local sources.

Suggested Legislation

(Title, enacting clause, etc.)

Section 1. [*Declaration of Policy.*] The purpose of this Act is to establish a uniform policy for the fair and equitable treatment of persons displaced by the acquisition of real property by state and local land acquisition programs, by building code enforcement activities, or by a program of voluntary rehabilitation of buildings or other improvements conducted pursuant to governmental supervision. The policy shall be uniform as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) state reimbursement for local relocation payments under state assisted and local programs.

Section 2. [*Definitions.*] As used in this Act:

(1) "agency" means any department, agency or instrumentality of the State or of a political subdivision of the State; or any department, agency or instrumentality of 2 or more political subdivisions of the State;

(2) "person" means any individual, partnership, corporation, or association;

(3) "displaced person" means any person who, on or after the effective date of this Act, moves from real property, or moves his personal property from real property, as a result of the acquisition of such real property, in whole or in part, or as the result of the written order of the acquiring agency to vacate real property, for a program or project undertaken by an agency; and solely for the purposes of Sections 3(a) and (b) and 6 of this Act, as a result of the acquisition of or as the result of the written order of the acquiring agency to vacate other real property, on which such person conducts a business or farm operation, for such program or project;

(4) ["nonprofit organization" means (define for state purposes; might use definition for tax exemption purposes)];

(5) "business" means any lawful activity, excepting a farm operation, conducted primarily:

(i) for the purchase, sale, lease and rental of personal and real property, and for the manufacture, processing, or marketing of products, commodities, or any other personal property;

(ii) for the sale of services to the public;

(iii) by a nonprofit organization; or

(iv) for the purposes of Section 3(a) of this Act, for assisting in the purchase, sale, resale, manufacture, processing, or marketing of products, commodities, personal property, or services by the erection and maintenance of an outdoor advertising display or displays, whether or not such display or displays are located on the

premises on which any of the above activities are conducted;

(6) "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities, including timber, for sale or home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

Section 3. [*Moving and Related Expenses.*]

(a) If an agency acquires real property for public use, it shall make fair and reasonable relocation payments to displaced persons and businesses as required by this Act for:

(1) actual reasonable expenses in moving himself, his family, business, farm operation, or other personal property;

(2) actual direct losses of tangible personal property as a result of moving or discontinuing a business or farm operation, but not to exceed an amount equal to the reasonable expenses that would have been required to relocate such property, as determined by the agency; and

(3) actual reasonable expenses in searching for a replacement business or farm.

(b) Any displaced person eligible for payments under subsection (a) of this Section who is displaced from a dwelling and who elects to accept the payments authorized by this subsection in lieu of the payments authorized by subsection (a) of this Section may receive a moving expense allowance, determined according to a schedule established by the agency, not to exceed [$300], and a dislocation allowance of [$200].

(c) Any displaced person eligible for payments under subsection (a) of this Section, who is displaced from his place of business or from his farm operation and who elects to accept the payment authorized by this subsection in lieu of the payment authorized by subsection (a) of this Section, may receive a fixed payment in an amount equal to the average annual net earnings of the business or farm operation, except that such payment shall not be less than [$2,500] nor more than [$10,000]. In the case of a business no payment shall be made under this subsection unless the agency is satisfied that the business (1) cannot be relocated without a substantial loss of its existing patronage, and (2) is not a part of a commercial enterprise having at least one other establishment not being acquired by the agency, which is engaged in the same or similar business. For purposes of this subsection, the term "average annual net earnings" means one-half of any net earnings of the business or farm operation before federal, state, and local income taxes during the 2 taxable years immediately preceding the taxable year in which the business or farm operation moves from the real property acquired for such project, or during such other period as the agency determines to be more

equitable for establishing such earnings, and includes any compensation paid by the business or farm operation to the owner, his spouse, or his dependents during such period.

Section 4. [*Replacement Housing for Homeowners.*]

(a) In addition to payments otherwise authorized by this Act, the agency shall make an additional payment not in excess of [$15,000] to any displaced person who is displaced from a dwelling actually owned and occupied by the displaced person for not less than 180 days prior to the initiation of negotiations for the acquisition of the property. The additional payment shall include the following elements:

(1) the amount, if any, which when added to the acquisition cost of the dwelling acquired, equals the reasonable cost of a comparable replacement dwelling which is a decent, safe, and sanitary dwelling adequate to accommodate such displaced person, reasonably accessible to public services and places of employment, and available on the private market. All determinations required to carry out this subparagraph shall be determined by regulations issued pursuant to Section 8 of this Act;

(2) the amount, if any, which will compensate the displaced person for any increased interest costs which the person is required to pay for financing the acquisition of a comparable replacement dwelling. The amount shall be paid only if the dwelling acquired was encumbered by a bona fide mortgage which was a valid lien on the dwelling for not less than 180 days prior to the initiation of negotiations for the acquisition of the dwelling. The amount shall be equal to the excess in the aggregate interest and other debt service costs of that amount of the principal of the mortgage on the replacement dwelling which is equal to the unpaid balance of the mortgage on the acquired dwelling over the remainder term of the mortgage on the acquired dwelling reduced to discounted present value. The discount rate shall be determined by regulations issued pursuant to Section 8 of this Act; and

(3) reasonable expenses incurred by the displaced person for evidence of title, recording fees, and other closing costs incident to the purchase of the replacement dwelling, but not including prepaid expenses.

(b) The additional payment authorized by this Section shall be made only to a displaced person who purchases and occupies a replacement dwelling which is decent, safe, and sanitary not later than the end of the one-year period beginning on the date on which he receives final payment of all costs of the acquired dwelling, or on the date on which he moves from the acquired dwelling, whichever is the later date.

Section 5. [*Replacement Housing for Tenants and Certain Others.*] In addition to amounts otherwise authorized by this Act, an agency shall make a payment to or for any displaced person displaced from any dwelling not eligible to receive a payment under Section 4, which dwelling was actually and lawfully occupied by the displaced person for not less than 90 days prior to the initiation of negotiations for acquisition of such dwelling. The payment shall be either:

(1) the amount necessary to enable the displaced person to lease or rent, for a period not to exceed [4 years], a decent, safe, and sanitary dwelling of standards adequate to accommodate the person in areas not generally less desirable in regard to public utilities and public and commercial facilities, and reasonably accessible to his place of employment, but not to exceed [$4,000], or

(2) the amount necessary to enable the person to make a downpayment (including incidental expenses described in Section 4(a)(3)) on the purchase of a decent, safe, and sanitary dwelling of standards adequate to accommodate such person in areas not generally less desirable in regard to public utilities and public and commercial facilities, but not to exceed [$4,000], except that if the amount exceeds [$2,000], the person must equally match any amount in excess of [$2,000] in making the downpayment.

Section 6. [*Relocation Assistance Advisory Programs.*]

(a) Whenever the acquisition of real property for a program or project undertaken by an agency will result in the displacement of any person on or after the effective date of this Act, the agency shall provide a relocation assistance advisory program for displaced persons which shall offer the services prescribed in subsection (b) of this Section. If the agency determines that any person occupying property immediately adjacent to the real property acquired is caused substantial economic injury because of the acquisition, it may offer the person relocation advisory services under the program.

(b) Each relocation assistance program required by subsection (a) shall include such measures, facilities, or services as may be necessary or appropriate in order (1) to determine the needs of displaced persons, business concerns, and nonprofit organizations for relocation assistance; (2) to assist owners of displaced businesses and farm operations in obtaining and becoming established in suitable business locations or replacement farms; (3) to supply information concerning programs of the federal, state and local governments offering assistance to displaced persons and business concerns; (4) to assist in minimizing hardships to displaced persons in adjusting to relocation; and (5) to secure, to the greatest extent practicable, the coordination of relocation activities with other project activities and other planned or proposed governmental actions in the com-

munity or nearby areas which may affect the carrying out of the relocation program.

Section 7. [*Assurance of Availability of Standard Housing.*] Whenever the acquisition of real property for a program or project undertaken by an agency will result in the displacement of any person on or after the effective date of this Act, the agency shall assure that, within a reasonable period of time prior to displacement, there will be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe and sanitary dwellings equal in number to the number of and available to displaced persons who require dwellings and reasonably accessible to their places of employment; [except that regulations issued pursuant to Section 8 of this Act may prescribe situations when these assurances may be waived].

Section 8. [*Authority of the* [*Governor*] [*Department of Community Affairs*].]

(a) The [Governor] [department of community affairs] shall adopt rules and regulations necessary to assure that:

(1) the payments and assistance authorized by this Act shall be administered in a manner which is fair and reasonable, and as uniform as practicable;

(2) a displaced person who makes proper application for a payment authorized by this Act shall be paid promptly after a move or, in hardship cases, be paid in advance; and

(3) any person aggrieved by a determination as to eligibility for a payment authorized by this Act, or the amount of a payment, may have his application reviewed by the [department of community affairs].

(b) The [Governor] [department of community affairs] may prescribe other regulations and procedures, consistent with the provisions of this Act.

Section 9. [*Administration.*] In order to prevent unnecessary expense and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, the agency [with the approval of the [Governor] [department of community affairs]] may enter into contracts with any individual, firm, association or corporation for services in connection with those programs, or may carry out its functions under this Act through any federal agency or any department or instrumentality of the State or its political subdivisions having an established organization for conducting relocation assistance programs.

Section 10. [*Fund Availability.*] Funds appropriated or otherwise available to any agency for the acquisition of real property or any interest therein for a particular program or project shall be available also for obligation and expenditure to carry out the provisions of this Act as applied to that program or project.

Section 11. [*State Participation in Cost of Local Relocation Payments and Services.*] If a [unit of local government] acquires real property, and state financial assistance is available to pay the cost, in whole or part, of the acquisition of that real property, or of the improvement for which the property is acquired, the cost to the [unit of local government] of providing the payments and services prescribed by this Act shall be included as part of the costs of the project for which state financial assistance is available and the [unit of local government] shall be eligible for state financial assistance for relocation payments and services in the same manner and to the same extent as other project costs.

Section 12. [*Displacement by Building Code Enforcement or Voluntary Rehabilitation.*] A person who moves or discontinues his business or moves other personal property, or moves from his dwelling on or after the effective date of this Act as the direct result of building code enforcement activities, or a program of rehabilitation of buildings conducted pursuant to a governmental program, is deemed to be a displaced person for the purposes of this Act.

Section 13. [*Payments Not to be Considered As Income or Resources.*] No payment received by a displaced person under this Act shall be considered as income or resources for the purpose of determining the eligibility or extent of eligibility of any person for assistance under any state law or for the purposes of determining the eligibility or extent of eligibility of any person for assistance under any state law or for the purposes of the State's personal income tax law, corporation tax law, or other tax laws. These payments shall not be considered as income or resources of any recipient of public assistance and the payments shall not be deducted from the amount of aid to which the recipient would otherwise be entitled.

Section 14. [*Appeal Procedure.*] Any person or business concern aggrieved by a final administrative determination pursuant to [cite administrative procedures Act] concerning eligibility for relocation payments authorized by this Act may appeal that determination to the [court of appropriate jurisdiction] in the area in which the land taken for public use is located or in which the building code enforcement activity occurs or the voluntary rehabilitation program is conducted.

Section 15. [*Separability.*] [Insert separability clause.]

Section 16. [*Repeals.*] [Cite existing state relocation statutes.]

Section 17. [*Effective Date.*] [Insert effective date.]

THE COUNCIL OF STATE GOVERNMENTS,
Lexington, Ky., February 14, 1972.

To State Legislative Presiding Officers and Legislative Research Agencies:

It is my understanding you recently received a letter from Vice President Agnew in which he emphasized the desirability of enacting comprehensive state relocation legislation prior to July 1, 1972 in order that federally assisted programs and projects which displace individuals, businesses or farm operations may continue to be executed in your State. In most States, implementing legislation is needed to comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91–646).

In a few States where implementing legislation has been proposed, some agencies are urging the enactment of a bill which would only partially comply with the federal act. This seems to apply particularly in the case of state or local agencies having responsibilities for administering urban renewal highway and related programs. As the Vice President stated in his earlier letter, "it is essential that comprehensive implementation legislation be enacted by state legislatures at the outset" in order that other vital federal programs will not be jeopardized.

In a recent directive, the Office of Management and Budget has advised all federal departments and agencies of the need for comprehensive state legislation and has requested they furnish all appropriate assistance in this connection.

Enclosed is a copy of "Model Relocation Assistance Act" developed by the Committee on Suggested State Legislation of the Council of State Governments. The draft bill was prepared by a Task Force consisting of persons representing the United States Office of Management and Budget and the Federal Departments of Housing and Urban Development, Transportation, Justice and Defense. If enacted by your State, the bill would establish a comprehensive relocation program which would comply with the requirements of the federal relocation act.

Should you have any question on this matter, please do not hesitate to call on us.

Sincerely,

BREVARD CRIHFIELD,
Executive Director.

MEMORANDUM TO THE HEADS OF ALL DEPARTMENTS AND AGENCIES

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., February 18, 1972.

Subject: Requirement for comprehensive State legislation to implement Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91–646).

In the event the States do not enact comprehensive legislation implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91–646) by July 1, 1972, Federal agencies will be unable to execute agreements with State agencies to finance new programs or projects involving acquisition of real property and/or the displacement of people, businesses or farms and, in certain instances, will be unable to continue "on-going" activities.

There is attached a communication from the Vice President to all Governors and the leadership of all State legislatures, as well as a memorandum and documentation from the Council of State Governments, urging that the States implement the Uniform Relocation Assistance Act on a comprehensive basis to meet the Federal requirement of a July 1, 1972 deadline.

While these attachments are self-explanatory, you may obtain additional information from Mr. Joseph Cohn (Telephone 395–4654 or 4628) of my staff or Mr. Robert Alcock, Council of State Governments, 1735 DeSales Street, N.W., Washington, D.C., 20036 (Telephone 393-2662).

The President is most anxious that the Uniform Relocation Assistance Act be implemented comprehensively by all States and that it be administered to assure uniform, fair, and equitable treatment of all individuals, businesses and farm operations which are displaced by Federal and federally assisted programs and projects.

We urge that you assist the States in any manner appropriate to insure that the States will enact the necessary comprehensive State legislation to make the Uniform Relocation Assistance Act effective.

GEORGE P. SHULTZ,
Director.

Mr. LINCOLN. The purpose of my statement today, on behalf of the National Governors' Conference, is to indicate our support for the pending amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

The National Governors' Conference favored passage of the original Uniform Relocation Act and also testified in support of the legislation which you are considering today when it was before the Senate Committee on Government Operations.

The Nation's Governors reaffirmed their support for this legislation at their annual meeting in Houston, Tex., just last week.

The full text of their policy position on this subject is included in my prepared statement.

The bills which are currently under consideration by the subcommittee and the remarks of witnesses who appeared earlier today raise three important issues relating to the implementation of a uniform Federal relocation policy.

The first of these issues is the question of continued full Federal funding of the first $25,0000 of individual relocation expenses.

Unless the present law is amended, as you know, this full Federal funding provision will lapse in just 15 days, resulting in a tremendous and sudden burden on State and local revenue sources.

The greatest bulk of this increased burden is likely to fall upon the much-maligned property tax. The net result of such a funding shift may well be a cutback or abandonment of numerous desirable public improvements, because State and local governments simply cannot afford the added costs.

It would seem that this cutback is precisely the opposite of what Congress intended when the Uniform Relocation Act was passed in the 91st Congress.

The second issue before the subcommittee is the question of how to treat private corporations and other nongovernmental entities when they undertake federally assisted programs, both in the acquisition of property and in the displacement of people.

While we recognize the administrative complications and the potential increased costs pointed out by various witnesses from the administration this morning, it seems to us that we cannot ignore the very central issue of equity for all persons displaced by Federal Government activity.

It seems hardly reasonable to extend relocation benefits and services to a family on one side of the street, which is displaced by a federally assisted highway, and to deny those same benefits and services to their neighbor across the street who may be displaced by a Federal housing program undertaken by a nonprofit sponsor.

This point was made most forcefully by Chairman Blatnik in his recent letter to Secretary Romney, and we commend the chairman for his stand.

In order to clarify any possible misunderstanding in the future, however, we feel it is important that Congress clarify its position on

this particular question. Regardless of the details, the critical point here is to assure the fair and equitable treatment of all persons displaced by any Federal Government activity.

The third issue before the subcommittee today, and perhaps the most significant from our point of view, is the July 1 deadline for State compliance with the Federal act.

As a result of congressional enactment of the Uniform Relocation Act, the State legislatures have had to enact implementing legislation in order for the States and their respective localities to legally offer substantially the same relocation benefits and advisory services as are required of the various Federal agencies after July 1.

Over the past year and a half our office has worked with various Federal agencies in developing model enabling legislation and in impressing upon Governors and State legislative leaders the urgency of enacting such legislation.

I might just comment very briefly on remarks that were made by Mr. Ink this morning from the Office of Management and Budget. He alluded to the assistance which had been provided by the Office of Management and Budget, and through them the Executive Office.

There is no doubt but what they have been of assistance to us. I would suggest that you take a look at one of the attachments which I include for the record; that is, the letter from the Vice President, this particular one addressed to Governor Gilligan of Ohio—it is the same letter that went to all 50 Governors.

You will note that the date on that is February 2, 1972. I will point out for the record that that is exactly 13 months to the day after the date on which the President signed the original Uniform Act.

So while the assistance to some extent has been there, I think it would be fair to say—it has been belated.

In addition, we have worked with the Office of Management and Budget recently in monitoring the progress of State legislative action in this area.

Despite our campaign to make State officials aware of the need for each legislature to take action, it is feared that on July 1 some States will not be able to comply for all federally assisted programs and projects.

As a result of unofficial—and I would place an emphasis on the word "unofficial"—surveys conducted over the past several months by our office and by OMB, it now appears that 27 States and the District of Columbia have passed comprehensive legislation which will enable them to comply by July 1.

In addition, 12 more States have passed legislation which appears to be satisfactory to all but one or two Federal agencies having relocation responsibilities.

Finally, it appears that only three States—Georgia, Nevada, and Wyoming—have not yet passed comprehensive legislation.

In Georgia, as Congressman Blackburn and others have pointed out today, the constitutional amendment will be before the voters in November, which, if ratified, will enable that State to comply.

The legislatures in the other two States, Nevada, and Wyoming, have not been in session for well over a year and will not convene again until January, next January, that is.

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The remaining eight States have apparently passed what was felt to be comprehensive legislation, but which was, in fact, inadequate in the view of several Federal agencies.

I should point out just for the record, Mr. Chairman, that the numbers which I have given you of various States in each category are slightly different than the numbers which appear in the prepared statement.

The reason for that is the statement was prepared several days ago and since then a couple of legislatures have passed some legislation, a couple of other Federal agencies have resolved their problems.

The important point to be made here is the States have not shirked their responsibility under the Federal act. To the contrary, virtually all States have made a good-faith effort to meet the Federal requirement. In fact, many States have gone beyond simply passing legislation relating only to Federal programs, and have extended the same relocation benefits and services to all persons displaced by any governmental activity within that State, be it a local, State or Federal project.

Despite the fact that over half the States will be able to meet the July 1 deadline, many others face the probable loss of Federal funds in just 15 days, because of technical difficulties of varying magnitude which have come to light since the passage of their enabling legislation.

The States have clearly indicated their willingness to participate through the passage of appropriate legislation.

While no purpose would be served by a blanket extension of the effective date of the Federal act, it would be unfair, in our view, to severely penalize those States which have made an effort to comply, while they attempt to solve whatever technical problems may exist.

A more equitable solution would be to allow for a partial extension with a proviso that the benefits would be provided directly by the Federal agencies, if necessary, after July 1, 1972, and with the additional proviso that any direct Federal payments would be reimbursed by the State following enactment of completely comprehensive legislation.

Such a partial extension of the effective date would still allow those persons being displaced to receive the payments and services required under the Federal legislation and would, at the same time, not unduly penalize the great bulk of States which have made a conscientious effort to comply with the Federal mandate.

Finally, and perhaps most important, it would provide a means of avoiding delays and stoppages in a great many otherwise desirable public projects and improvements.

There is every reason to believe that the State will respond as quickly as possible to implement any technical statutory changes which may be necessary.

In conclusion, Mr. Chairman, I would like to thank the subcommittee for the opportunity to appear here today and indicate the support of the National Governors' Conference for the proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

I would be glad to answer any questions.

Mr. KLUCZYNSKI. Thank you, Mr. Lincoln, for that splendid statement of yours. I am only sorry that more members are not here to listen to your testimony.

You say you have a letter there addressed to Governor Gilligan of Ohio?

Mr. LINCOLN. That is right.

Mr. KLUCZYNSKI. Hearing no objection, it will be made a part of the record.

(Letter referred to follows:)

THE VICE PRESIDENT,
Washington, February 2, 1972.

Hon. JOHN J. GILLIGAN,
Governor of Ohio,
Columbus, Ohio.

DEAR GOVERNOR GILLIGAN: As you know, State government implementation of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91–646) is required no later than July 1, 1972. This Act requires furnishing financial and other assistance to ensure uniform and equitable treatment of individuals, businesses and farm operations displaced by all Federal and federally assisted programs and projects.

In the event that necessary action is not taken by this date, Federal agencies responsible for these programs and projects will be unable to execute agreements with State agencies to finance new programs or projects and, in some cases, will be unable to continue on-going activities.

I am further advised that, in a number of instances, State government agencies are urging the enactment of implementing legislation which would apply solely to programs under their jurisdiction. In order to ensure the continuation of federally assisted programs in a wide variety of fields such as housing, urban renewal, mass transportation, highway construction, secondary and advanced education (including college housing), health and welfare programs, parks and recreation, Law Enforcement Assistance Act, flood control, soil conservation and watershed, agricultural extension programs, grazing assistance, economic development assistance and similar programs, it is essential that comprehensive implementation legislation be enacted by State legislatures at the outset.

You will be receiving a copy of "A Model Relocation Assistance Act" from the Council of State Governments which may be used for this purpose. This bill was developed under the leadership of the Council with the cooperation of the Office of Management and Budget and other principal Federal departments and agencies concerned with relocation assistance.

I would appreciate any efforts you can exert to achieve the enactment of comprehensive State legislation in this field by the necessary date.

Sincerely,

SPIRO T. AGNEW.

Mr. KLUCZYNSKI. Mr. Lincoln, can you explain all the activity in February by the Federal Government? Did it have anything to do with the Senate hearings?

Mr. LINCOLN. Mr. Chairman, in honesty I would have to say that I was not a member of the staff of the Governors' Conference at that time.

I have been with the Governors for about 3 months. My understanding is, however, that a good bit of the flurry of activity resulted from our preparation for the hearings on the Senate side on S. 1819.

At that time, we worked in making a very informal survey of the States to find out what the current status of their legislation was. And it was determined that a great many States, a distressing number of States, were a long way from compliance and that the deadline was fast approaching.

One of the problems that occurs is that State legislatures—particularly some of the smaller rural States—meet very infrequently. This again is the problem that we have with Wyoming and Nevada.

Mr. KLUCZYNSKI. And I understand that the only State would be the State of Wyoming, who has not had their legislature meet in over a year; is that right?

Mr. LINCOLN. There are several others. I know Nevada is another which has not been in session for over a year and will not be in session again until January 1973.

I couldn't tell you off the top of my head, sir, what others there might be.

Mr. KLUCZYNSKI. So if we give them that extension until July 1, 1973, they will be able to bring it up to their legislatures when they meet?

Mr. LINCOLN. That is correct.

Mr. KLUCZYNSKI. I am sorry that the other members aren't here. I am sure they would like to ask some questions of you. I myself, as chairman of this committee, will be very happy to have a gentleman like you appear before this committee and give us your ideas, because when we get into executive session, as I said before, this testimony of yours will be very helpful.

Are there any questions from members of the committee?

Mr. TERRY. I just have one, which is just a technical point, Mr. Chairman.

In Mr. Lincoln's excellent statement, it states:

> The critical point is to assure fair and equitable treatment of all persons displaced by Federal Government activity.

The point I would like to make is that this is local activity, federally funded, rather than placing the burden, so to speak, in this instance, on the Federal Government.

Yes; we do fund, but the displacement is the result of local activity.

Mr. LINCOLN. I would say that your point is well taken, sir.

In virtually all of the Federal projects that are undertaken, the acquisition of land and the displacement of people occurs through the exercise of eminent domain which is invariably granted under a State constitution, probably with the exception of Army Corps of Engineers projects.

Mr. KLUCZYNSKI. Hearing no further questions, I want to thank you again for your presence here in giving us this fine testimony that you have just given to this committee.

The last witness today will be Nathaniel S. Keith, president, National Housing Conference.

So, Mr. Keith, if you will take the witness stand. Do you have a prepared statement, Mr. Keith?

Mr. KEITH. Mr. Chairman, I have a very brief prepared statement.

Mr. KLUCZYNSKI. Proceed as you desire. We are happy to have you.

Mr. KEITH. All right, Mr. Chairman.

STATEMENT OF NATHANIEL S. KEITH, PRESIDENT, NATIONAL HOUSING CONFERENCE

Mr. KEITH. The National Housing Conference strongly urges favorable and prompt action by the Public Works Committee on S. 1819.

Our organization supports the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 affording increased relocation benefits to families, individuals, and businesses displaced by federally assisted programs and real property acquisition.

However, in our opinion, the present requirement that local government and local public agencies assume one-third of the cost of relocation benefits, beginning July 1, 1972, would impose a drastic financial burden on hard-pressed localities.

As this committee knows, the history of relocation benefits in connection with federally assisted programs, beginning with the urban renewal program, has always provided for full Federal funding of the cost of such benefits. S. 1819 would restore this long-established principle. We urge this committee to take comparable action.

I would also like to point out that both S. 3248, the Senate-passed Housing and Urban Development Act of 1972 and the companion House measure now under consideration in the Banking and Currency Committee would continue 100 percent Federal funding of relocation costs under the proposed community development block grant program.

Because of the urgent time factor involved in correcting this requirement of the Uniform Relocation Act, we hope this committee can act promptly on this problem.

I appreciate the opportunity to present the views of the National Housing Conference on this matter.

Mr. KLUCZYNSKI. You know, this committee was up in New York City some 7 or 8 years ago. We saw where the Federal bulldozers came in and, because of urban renewal, cleared several blocks in New York City.

I felt sorry for the shopkeepers because I had been a small business operator for years. I am also chairman of the Subcommittee on Small Business doing everything possible to help the fellow who is in need, the fellow who is drowning. We are trying to do something for him.

It was my idea, I believe in 1968, to put in this relocation provision into our highway bill—and at that time I thought it was a model—to take care of the poor displaced people, to relocate them, to get homes better than which they were forced to leave.

And now by having these hearings here, I hear of so much opposition to what I thought was one of the finest pieces of the highway bill of 1968.

I thought that every agency, every Federal agency, would use that as a model.

But now, having the hearings this morning and this afternoon, I am surprised that some of our Federal agencies are opposed to something that we thought was the best thing for the people to relocate them and give them a good home to live in.

That was quite a problem, for us to take care of the people who were dislocated. And I felt proud being a member of this committee in trying to help small businesses and families.

And I was surprised this morning—of course, I am going to give them a fair hearing. I want to hear both sides, whether those agencies are for this legislation or opposed to it.

So it is a pleasure for me to have a gentleman like you appear before us and praise what we had done some years ago.

I don't know if there are any questions. I am only sorry that some of our members are not present because of the very important legislation we have on the floor today.

I wish they were here to hear your testimony.

Mr. Terry, any questions or comments?

Mr. TERRY. No questions, Mr. Chairman, thank you, sir. This has been an exceptional day of hearings thanks to your good leadership of this Subcommittee on Roads. And we certainly have a lot to evaluate here.

Mr. KLUCZYNSKI. So thank you again. Happy to have you before this committee.

There being no further witnesses, the hearings will be adjourned.

(Whereupon, at 4:05 p.m., the hearings were adjourned.)

(The following were received for the record:)

STATEMENT OF HON. RICHARD G. SHOUP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. Chairman, when the Senate passed S. 1819, they added a floor amendment which dropped a proposed requirement that the local urban renewal programs would have to provide 25 percent of the costs for relocation assistance. It was indeed fortunate that the Senate dropped this requirement since many cities like those in Montana could not provide the necessary matching funds.

Passage of S. 1819 will continue the present relocation assistance program for urban renewal projects with 100 percent Federal funding. Without these Federal funds, localities like Helena, Montana, would be unable to raise the needed funds. However, Helena has both an Urban Renewal and Model Cities program which would allow it to use Model Cities funds for relocation assistance in Helena would mean that an addition of funds would have to be taken from that program to the detriment of Senior Citizens and other deserving projects. Since the Model Cities effort is already committed to paying 25 percent of the total project budget, excluding relocation, the city and the Model Cities officials would have to raise an additional $750,000.

The programs carried on by Urban Renewal and Model Cities are making progress but they have very serious flaws.

They are established to enter areas to tear down old buildings but once this is accomplished, there is often little or no funding for new construction. It may be months or years before any building takes place. The result is that the area which had substandard housing before now has no housing at all. In addition. in areas such as Helena and Butte, many old historic buildings which portray the West as it was in the boom days are being torn down, often against the wishes of the area residents. These people become even more dissatisfied with the program when funding inadequacies result in buildings which don't fit the locale or needs of the area or when there is no building at all. Problems such as this and many others are evident in the entire concept of the renewal of small cities. Changes such as those in S. 1819 are necessary if the funding aspects of the projects are to have any vitality at all.

Montana has four agencies which will be affected by this legislation. All four of these agencies have been doing a good job changing the area in which they operate, not only physically but in spirit as well. To give just one example, consider the City of Anaconda. Anaconda is a small city of just over 10,000 people. It is basically a one economy area depending on smelting of minerals for the livelihood of most of those who live there. For years, the town has been depressed and the town itself has had areas which were very run down. The Urban Renewal Program in that community has been making strides to change that picture. One of their last year's activities involved citizen participation in the cleaning up of the community. In just two days, May 5th and 6th of this year, over 40 sheds, fences, and old garages were demolished by volunteer labor and equipment working in conjunction with the Urban Renewal Program. This

type of effort helps the town to be a better one to live in and helps the people want to keep their town clean.

To say that the added cost to this program would be an additional financial hardship were it required to pay 25 percent of the relocation cost is to make an understatement. The estimated cost for this one local agency would be in excess of $90,000. This is more than the entire increase to the budget of that agency for the last fiscal period.

This additional cost of providing matching funds for relocation costs may put the programs completely out of commission. In the words of the Helena Model City Director, "if this amendment (Senate Bill No. 1819) is not enacted, future urban renewal projects in the State of Montana will be effectively eliminated."

This should not be allowed to happen. If the programs provided for by Model Cities and Urban Renewal are to have any meaningful results at all, hardships which handicap them to the extent that they can't accomplish their goals should be removed.

Mr. Chairman, I would appreciate my statement be included in the record of this hearing and the letters and telegram herein submitted be similarly printed after my statement.

Thank you very much.

ANACONDA URBAN RENEWAL AGENCY,
Anaconda, Mont., May 30, 1972.

Congressman RICHARD G. SHOUP,
Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN: In my letter to your office November 23rd of last year, I wrote to you in regard to the 1970 Uniform Relocation Act (P.L. 91–646).

At this time, I would like to submit some statistics in regard to our local Neighborhood Development Program. Our first year budget for the year 1972 was increased $60,478 for Anaconda's local share in our relocation program. The estimated additional cost for next year will be $93,241.

With a city the size of Anaconda and our program projection, any additional monies required places us under a financial hardship. We feel we have a very workable project and can make the twenty-five (25) percent sharing cost on other project line items.

We were very pleased when the Senate passed (S–1819) to amend the 1970 Act. The Urban Renewal program is vital to our community. The local support here has been outstanding and the feeling is that this federal program is for cities that want to help themselves. In that regard, on May 5 and 6 of this year, over 40 sheds, fences and old garages were demolished by volunteer labor and equipment. This community pride project received statewide press reviews—over 200 citizens participated.

Would appreciate your support and vote on this important matter.

Sincerely,

EDWARD J. GALLAGHER,
Executive Director.

CITY OF HELENA, MONT., *June 9, 1972.*

Congressman RICHARD SHOUP,
Longworth Office Building,
Washington, D.C.

DEAR CONGRESSMAN SHOUP: This is in response to your request for information pertaining to the enactment of "The Uniform Relocation and Real Properties Acquisition Policy Act of 1970" and the effect of the 25% local sharing requirement after July 1, 1972.

As you are aware the City of Helena is in execution of the "Last Chance Urban Renewal Project" under a contract with the Department of Housing and Urban Development dated April 29, 1970. It is understood and supported by the Comptroller General's opinion dated November 5, 1971 that since our project was under contract prior to January 2, 1971, HUD will reimburse us "for the full (100%) cost of relocation payments and assistance under the Act." It is further understood that there is no $25,000 limitation on relocation payments and as-

sistance for businesses displaced under S–1 and the full amount (100%) of such eligible costs will be reimbursed by HUD and that all administrative costs as defined in 1371.1 CHG 1, Chapter 5 p. 4, are to be shared on a ¼–¾ basis.

We have recently submitted an amendatory application to HUD requesting an increase of $2,385,560 required to cover the total amount of payments to be made to eligible persons pursuant to the "Uniform Act." This is in addition to our original relocation grant of $723,642 under Title 1 of the Housing Act of 1949 as amended. If the City of Helena were required to come up with 25% of all relocation costs incurred to date and anticipated, it would mean a local share requirement of $777,300. If we were required to come up with 25% of the cost after July 1, 1972, it would require at least $575,000 in additional local credits. The City of Helena does not have nor would it have the capability of providing those matching funds. If it was mandatory to provide these matching funds the project would come to a halt or would be cut back to where it would not be a viable project.

In addition to the increases in the amount of relocation payments to be made to eligible persons, we have experienced sizable increases in the cost of providing assistance, administration and acquisition all attributable to the enactment of "The Uniform Act." Congress did appropriate additional funds to cover all increased cost but apparently these additional funds were not adequate to fund all of the increased costs. Our amendatory application requested increases of $2,385,560 for relocation payments, $457,087 as the Federal share of the cost of (1) providing relocation assistance (2) increased costs of administration (3) increased costs of acquisition (4) increased interest and project inspection fees, attributable to enactment of "The Uniform Act." Although we have not received formal approval or reductions in our request, our Region VIII office has verbally informed us that they only have enough S–1 amendatory funds left to approve $1,747,000. We are not requesting you to take any action on this matter but thought you should be informed of the impact of this legislation on our project. I will also enclose a copy of our amendatory transmittal letter for further clarification.

The hearings to be held on amendments to "The Uniform Act" eliminating the 25% local share requirement will effect all Community Development Projects in the State of Montana. If the Act is not amended to eliminate this requirement, further projects will be economically infeasible for the City of Helena and other communities now in the application phase. The City of Anaconda is in execution but does not share our immunity because their contract is dated after January 1, 1971.

Montana has and will continue to achieve great success with federally assisted Community Development Projects. We strongly urge your support of the proposed amendment to eliminate entirely the local share requirement now part of "The Uniform Act" (P.L. 91–646).

We appreciate the interest you have shown in our project and any legislation that will have an effect on its success. Thank you for your support.

If we can be of further assistance or provide any additional information, please call.

Yours very truly,

LAWRENCE GALLAGHER,
Executive Director,
Urban Renewal Department.

CITY OF HELENA, MONT., *May 16, 1972.*

Re Amendatory Application for the Increased Cost of Providing Relocation Payments and Assistance Attributable to Enactment of S–1.

Mr. MICHAEL KASTANEK,
Assistant Regional Administrator, Office of Community Development, Federal Building, Denver, Colo.

DEAR MR. KASTANEK: As a result of substantially increased costs attributable to the "Uniform Relocation Assistance and Land Acquisition Policies Act of 1970", the City of Helena is requesting and applying for an amendment of Contract Montana R–3 (LG) in accordance with RHA 7206.1 Chapter 2.

It is understood and supported by the Comptroller General's opinion dated November 5, 1971, that since our project was under contract prior to January 2, 1971, HUD will reimburse us "for the full (100%) cost of relocation payments

and assistance under the Act". It is further understood that there is no $25,000 limitation on relocation payments and assistance for businesses displaced under S–1 and the full amount (100%) of such eligible costs will be reimbursed by HUD and that all administrative costs as defined in 1371.1 CHG 1, Chapter 5 p. 4, are to be shared on a ¼–¾ basis.

After careful review of all relocation activities since the beginning of our project, we have provided in this application a complete breakdown of:

1. The original workload and payments made under Title I of the 1949 Housing Act.
2. A separate summary of the number of displacements and the amount of payments under S–1 to date.
3. Existing and future workload that will be displaced under S–1 and the estimated cost of payments.
4. Attachments to Appendices 2, 3, 7 & 8 explaining increases in workload and justifying anticipated costs of providing relocation payments and assistance.

We have found that our original approved relocation workload did not take into consideration tenants that will be displaced from properties scheduled for rehabilitation; nor did it anticipate displacement of businesses, families or individuals in properties subsequently determined infeasible for rehabilitation. There has been no increase in workload due to increases in project boundaries or scope. There has been a substantial increase in families and individuals that moved into properties vacant at the time of the original survey, and also those moving into properties after the date of "initiation of negotiations" but prior to acquisition.

This application will be to amend Contract Montana R–3 (LG) as follows:

1. To amend Section 8 Part I "Relocation Payments" of said contract to provide for a "Relocation Grant" increase of Two Million Three Hundred Eighty-Five Thousand Five Hundred Sixty Dollars ($2,385,560.00), required to cover the total amount of payments to be made to eligible persons pursuant to the "Uniform Act", and the Secretaries regulations thereunder; which when added to the original Grant of Seven Hundred Twenty-Three Thousand Six Hundred Forty-Two Dollars ($723,642) will amend Part I Section 8 to reflect a Three Million One Hundred Nine Thousand Two Hundred Two Dollar ($3,109,202) "Relocation Grant".
2. To amend Part I Section 7 "Project Capital Grant" in the additional amount of Four Hundred Fifty-Seven Thousand Eighty-Seven Dollars ($457,087), as the Federal share of the total cost of (1) providing relocation assistance to such eligible persons; (2) increased costs of administration attributable to S–1; (3) increased acquisition and costs of acquisition attributable to S–1; (4) increased interest and project inspection fees attributable to S–1. (See narrative explaining 6121.)
3. To amend Part I Section 2 "Project Temporary Loan" in the additional amount of Two Million Eight Hundred Forty-Two Thousand Six Hundred Forty-Seven Dollars ($2,842,647) for a total of Twelve Million One Hundred Sixteen Thousand Seven Hundred Six Dollars ($12,116,706), the total amount of working capital required to cover the project activities and increased costs attributable to S–1.

For detailed justification of these increased costs we have attached explanations to the appropriate forms and appendices. Please review these to determine the propriety of our request for additional funds to cover costs other than relocation payments; also note Appendix 8 and the attachment, wherein we have included Six Hundred Seventy Thousand Dollars ($670,000) to cover possible, not definite, costs we may incur for utility relocation should HUD determine eligibility of such costs under S–1.

Since we have experienced many delays in preparing this application, our original relocation grant is expended. It is imperative that we receive these additional increases in order to continue relocation and project activities dependent on relocation. Your prompt consideration and approval of this amendatory application would be appreciated.

Again we wish to thank you and your staff for the assistance and understanding over the past three months. If there is any further documentation or clarification needed to process this application, please call.

Very truly yours,

LARRY GALLAGHER,
Relocation Director.

[Telegram]

HELENA, MONT., *June 9, 1972.*

Congressman RICHARD SHOUP,
House Office Building,
Washington, D.C.

Wholeheartedly support your efforts to obtain passage of the amendment to the Uniform Relocation Act removing the requirement of 25–0/0 local share of all relocation costs. The present Helena Urban Renewal Contract will not be affected. If it were, an additional $750,000 would have to be provided by the city. Since we are already committed to paying 25–0/0 of the total project budget, excluding relocation, this would have put an onerous burden on the city. In my opinion, if this amendment is not enacted, future urban renewal projects in the State of Montana will be effectively eliminated.

Since one of the major purposes of the urban renewal project is to rejuvenate blighted areas and to stimulate economic development, such projects are usually proposed for areas which generate little tax revenue. Because of the tax limitations and bonding restrictions in Montana, cities have no reasonable avenue for raising funds for projects of this nature. Without urban renewal projects, those areas become further depressed, thus compounding the tax base problems.

The city of Helena has been anticipating the application for other projects in the future. Those plans would surely need to be dropped if the additional local share were required. Thank you for the effort you are expending in our behalf on this measure.

J. H. CARLSON,
Model City Director.

ANACONDA URBAN RENEWAL AGENCY,
Anaconda, Mont., June 9, 1972.

Hon. RICHARD G. SHOUP,
House of Representatives,
Longworth Building, Washington, D.C.

DEAR CONGRESSMAN SHOUP: We certainly appreciate the assistance that you have given our Urban Renewal program in the city of Anaconda. Your concern and the help we received from your office in January of 1972 in getting us funded has enabled us to proceed with our program.

At this time, I would like to personally give you a progress report on our Neighborhood Development Program and our workload:

Acquisition: We have 26 parcels to be acquired. At this date, we have 16 "Offer to Sell" documents signed by the parcel owners.

Demolition: Our first major demolition bid has been awarded on 5 commercial structures with June 24th as the date for complete land clearance of these parcels.

Relocation: We have relocated 8 families, 1 individual and 1 business.

Our entire program is on schedule in all phases of this year's projects.

We have excellent community support and participation. Right now we are preparing our budget and projects for next year's Neighborhood Development Program.

As you are well aware, a well planned program has to have continuity and be accepted locally and by the state and our region. In order to do justice to our program, we feel that funding should be at the same level in order to have a successful program. The cooperation we have received from our Regional Office in Denver has been tremendous. They have been helpful with their technical assistance and guidelines. Our chief concern is that in Region 8 representing 6 western states, there is a limited amount of available funds for all of the cities involved. In order to carry out our program, we know that it is difficult to set up budgets for an entire region which includes cities like Anaconda. Where a federally assisted program is successful, and has the support of the citizens of our community, we feel that a good look should be taken at all existing programs.

Thank you for your support, and if I may, I will give you a progress report from time to time.

Sincerely,

EDWARD J. GALLAGHER,
Executive Director.

MODEL CITY DEMONSTRATION AGENCY,
Butte, Mont., June 13, 1972.

Congressman RICHARD SHOUP,
U.S. Congress, House of Representatives, Longworth Building, Washington, D.C.

DEAR CONGRESSMAN SHOUP: The Housing and Urban Development Act of 1972, now pending Congressional approval, embodies a new approach to Community Development programs. It would consolidate a range of HUD programs and merge local planning and implementation activities. To a great extent, the impact of the 1972 legislation will be determined by the administrative regulations and requirements which HUD develops to apply the new Act.

Of concern to the City of Butte is relocation planning and implementation and particularly the cost impact of the Uniform Relocation Act of 1970 upon Butte. Unlike the national urban renewal program, where the cost impact was anticipated (and $500 million set aside), awareness of the cost impact on Model Cities has been slow to emerge.

The Uniform Relocation and Property Acquisition Act of 1970 (PL 91–646) will result in drastic curtailment of the participation in federally assisted physical improvement projects. This regulation will have serious impact on the continued operation of the Butte Model Cities Program and an even more drastic effect on the continuation of federally assisted programs after the phase-out of the Model Cities Program with its supplemental funds utilized as the matching share for these programs.

The *HUD Relocation Handbook* (faithful to the law) states, "A person will be considered displaced (if the displacement causing activity is) . . . in accordance with the comprehensive city demonstration program which identified the activities as being carried out in connection with the program". HUD, it is understood, has ruled that for the displacement causing activity to be considered in connection with the program, it need be only *generically* described in the strategy statement of the action plan submitted to HUD. For example, if "rehabilitation of housing" is mentioned, displacement caused by a private developer in the course of rehabilitating a property using FHA 236 funds can trigger the flow of Model Cities funds for relocation and replacement housing costs. Although Butte has not yet undertaken relocation activities, our program in the future will cause displacement. The Model Cities Program appears to not have been understood by the drafters of the law. In treating it like urban renewal or other operating programs, the liability for relocation costs is out of proportion to the amount of demonstration funds available to a city.

The Uniform Relocation Act of 1970 also established the replacement housing allowance at a level (at maximum) of $15,000 for a resident owner (who also gets the fair market price if there is acquisition) and $4,000 for tenants. Prior to passage of the law, Model Cities were generally paying only moving expenses and perhaps a small dislocation allowance. Under the new Act, displacing 75 resident owners can cost up to one million dollars.

This rise in cost came at a time when planning was just being completed and prior to relocation. Planning for physical development, particularly where there is citizen involvement, requires a long lead time. Model cities connected programs, planned before the Uniform Relocation Act was passed and before HUD regulations were published in mid-1971, were "locked up".

Also, Butte is entering its Fourth Action Year and the annual action grant is further locked up in on-going programs and cannot be freed without creating disastrous conflicts among competing citizen and client groups. The current law, unless amended, will require that renewal relocation costs after June 30, 1972, be shared by the local government. This requirement places a tremendous burden upon local general purpose government. Butte can only look to its present Model City funds for its share of renewal costs and, as previously mentioned, these funds are locked into on-going action and service programs and can only be used at the expense of deleting some programs.

Cities such as Butte, who have a limited amount of funds and find it necessary to enter into housing and other programs which can cause displacement, will be reluctant to enter into any project when the relocation costs will account for such a large portion of total project cost and will place such a severe limitation on a project size.

In summary, there are three facts to consider:

1. The Uniform Act raises maximum payment amounts to levels which would impose financial burdens on local agencies and result in disproportionate share of project funds being allocated to relocation costs;

2. In face of increased costs, local agencies would tend to underpay the claimant rather than overpay because of the complexity of calculating eligibility level or projects.

3. The fear of greatly increased costs under the Uniform Act is inconsistent with reality.

At the heart of the issue is cost, and no one at this point knows what cost is involved in making payments under the Uniform Act. Whatever the level of cost, several valid arguments can be raised against local participation in meeting those costs.

The reason for the creation of the federally assisted Community Development programs was to make available funds for communities for public improvements which the cities could ill afford to finance on their own. The greatly increased relocation cost burden will place a severe restriction on the ability of localities to participate in extensive federally assisted projects. Because of the high cost of relocation inherent in obtaining federal assistance, communities may opt to spend their limited resources independent of public assistance so as to avoid the controversial relocation issue. Additionally, and probably more critically, the relocation benefits were raised to provide equitable treatment for residents affected by federally financed programs. If local government is participating in relocation expenses and if, as has been projected, relocation expenses account for a very high percentage of total project costs, local administrators will tend to take a conservative approach for qualification of claimants for payments. The federal government, while enacting the Uniform Relocation Act to protect affects residents could achieve the opposite result by requiring local government participation in financing the benefits under the Act.

We can conclude the following from reading literature in regard to Model Cities and relocation.

1. The relocation cost problem is now known to be significant to about one-third of the existing Model Cities and is probably going to affect, seriously, another one-third of the cities.

2. Most of the current problem is caused by efforts to deal with the existing stock of housing. A re-thinking of goals, and strategies and of the source of relocation funds is imperative.

3. Costs of relocation flowing from involvement of the CDA in planning has only been a significant problem in a few cities. However, it could, when fully understood by agencies and displacees, result in large costs; liability may already be incurred.

4. The liability now being created may well be a contingent liability against the city and/or the Federal government. In some cities, community development block grants for FY 1974 may be needed for paying Model Cities relocation liability.

We can recommend the following active steps:

1. Short-term financial relief is needed to preserve the Model Cities programs in those cities with large costs. HUD and the affected cities should calculate the best mix of funds and program strategies.

2. The extent of the cost problem is sufficiently widespread and deep to require, as a minimum, an additional $100 million appropriation for fiscal 1973.

3. A national strategy for dealing with the problems of improving the existing stock of housing, including the costs of relocation must be developed. This strategy can be assisted by model cities funds for planning, and innovative and incentive funds. But, it is contradictory to the purposes of the Model Cities legislation to expect that the Model Cities program should supply the funds for a program of the scale required. Consideration should be given to legislation allowing families to use replacement housing allowance equivalents to repair their homes without being displaced permanently.

4. Planning of any public project within the city, whether or not Federally funded or related to a Federally funded or related to a Federal program, should take into account the relocation costs as part of program costs.

5. The Secretary of Housing and Urban Development should determine relocation costs caused by all HUD programs, including those of all assisted housing and make a recommendation to the Congress for a line appropriation for relocation and replacement housing allowances for fiscal 1974.

I am hopeful that this information will convince you that the local participation requirements in financing relocation benefits should be waived. Thank you for your cooperation.

Sincerely,

JAMES J. MURPHY,
CDA Director.

NATIONAL ASSOCIATION OF HOME BUILDERS,
NATIONAL HOUSING CENTER,
Washington, D.C., June 21, 1972.

Hon. JOHN C. KLUCZYNSKI,
Chairman, Subcommittee on Roads, House Committee on Public Works, Rayburn House Office Building, Washington, D.C.

DEAR MR. KLUCZYNSKI: On behalf of the National Association of Home Builders, I request that the comments set out herein be included in the hearing record on S. 1819, a bill to amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

This bill would, among other things, add a new Section 223 to the Uniform Relocation Act. It is this new section on which we would like to comment. It, unlike the other provisions of the present Act, would for the first time provide relocation assistance and payments to those displaced by non-governmental bodies receiving some form of Federal financial assistance. This would apparently extend the benefits and the requirements of the Act to those displaced from real property on which will be built housing under the various housing assistance programs of the Department of Housing and Urban Development.

Among the important programs which would thus be covered would seem to be Section 236 multifamily program under which mortgage interest assistance payments are made on behalf of private entities building their own housing for lower-income families. This housing is presently being built at the rate of approximately 200,000 units a year, much of it by members of our association, which consists of almost 62,000 members in 518 associations located in all 50 states and Puerto Rico.

We endorse the intent of the proposed new Section 223 to provide assistance and relocation payments to those forced to move from their dwelling or place of business as a result of one of these federally assisted multifamily projects. We are concerned, however, about the possible impact on these housing assistance programs of these new requirements. We presume, of course, that Section 223 as passed by the Senate, and whatever form reported by your Subcommittee, would not apply the provisions of the Relocation Act to those who move from real property as a result of selling that property to the private entity undertaking the housing project. This is important, we believe, since the private entity would not have the power of eminent domain and the seller would therefore be selling his property on his own volition and not be forced off of it. We urge that this distinction be made absolutely clear in any report of the Committee on this bill.

We are gratified that it is clear that any relocation payments or assistance which would be required under this amendment would be solely the responsibility of the displacing Federal agency. However, we believe that in the case of the housing assistance programs it should be made equally clear that the cost of relocation payments and services are to be borne out of appropriations other than those made available by the Congress for the payment of the contract obligation of HUD under these housing programs. To do otherwise would jeopardize the continuing production level under these programs and deny housing to many of those who would also be expected to benefit from the relocation assistance proposed to be made available under this new section.

We note one deficiency in the language of 223 as set out in S. 1819. It would make this new assistance available only to those who were displaced from property as a result of its acquisition for the purpose of carrying out a federally assisted undertaking. This does not take care of those who are displaced from property already owned by the party receiving the Federal assistance, such as in the case of an apartment project which will be rehabilitated for rental under a 236 program or some other HUD assisted program. It would seem that these tenants, forced to move because of the project, are as equally entitled to these new benefits as those forced to move from a project specifically acquired for the purpose of carrying out the federally assisted undertaking.

Incidentally, a technical amendment would be necessary to provide that relocation payments and assistance would be available only where the forced displacement was caused by the federally assisted project or program. Literally, the bill as now drafted, would require that a Federal agency must provide relocation payments and assistance to those involuntarily displaced by a person who acquires the property on which they dwell or maintain a business provided only that the acquiring party is being furnished Federal financial assistance. There is no requirement that the Federal financial assistance be connected with the particular property from which the people are being dislocated or that their displacement itself be connected with any federally assisted project or program.

The provision in Subsection 223(b) that those displaced since the effective date of the Uniform Relocation Act of 1970 be entitled to the benefits of this proposed amendment, and that the Federal agency administering the displacing program take all necessary steps to find such persons and inform them of their entitlement, we believe is rife with trouble. The task involved in searching back for those who might be entitled to assistance and relocation payments under this retroactive assistance would be enormous. It would seriously overburden HUD, cause serious disruptions in carrying out already planned, and in some cases underway, multifamily projects, and open to possible suit not only HUD, but the sponsors of these projects who proceeded without any knowledge that those who they may have displaced would in any way, shape or form be entitled to the benefits of the Relocation Act. In view of the fact that this proposed new Section 223 represents an opening up of relocation assistance to an entirely new body of displacees, and it was definitely not within the contemplation of the Congress in 1970 that those displaced by private entities without the power of eminent domain receive assistance, we believe that there is ample justification to make any new assistance, as proposed under 223, prospective instead of retroactive. We therefore urge the Subcommittee to limit this new entitlement to only those displaced after the effective date of S. 1819.

Let me emphasize, again, our concern that enactment of Section 223 not result in a serious slowing down of much needed housing production for low- and moderate-income families. We are concerned that HUD may not have the resources to carry out this vast new responsibility and that it might look to the private sponsors of this housing to assume all or part of that responsibility. no sense qualified or capable to carry out such a responsibility. We urge the Subcommittee therefore, before it passes favorably on Section 223, to adequately assure itself that HUD is capable of assuming and undertaking this responsibility, and that our housing programs will not suffer unduly if this new burden is placed on them.

Thank you for this opportunity to make our views known to the Subcommittee.

Sincerely,

STANLEY WARANCH,
President.

PARLANE SPORTSWEAR CO., INC.,
Boston, Mass., June 19, 1972.

Re S. 1819.

Hon. JOHN BLATNIK,
Chairman, House Public Works Committee, U.S. House of Representatives, Rayburn House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: My name is Paul Gold and I live in Newton, Massachusetts.

I am the President of Parlane Sportswear Co., Inc., which has its place of business at 57 Kneeland Street, Boston, Massachusetts, where it occupies three floors in said building. This firm has been in Boston at the afore-mentioned address since 1956. The business of the firm is manufacturing ladies garments. We employ in this business, directly and indirectly, in excess of five hundred (500) workers. In addition to the number we employ, our firm, by reason of its purchasers and business, helps to support mills and suppliers thereby in effect supporting other industries. Our sales are approximately $2½ million yearly, which helps to contribute, not only to the National economy, but also the economy in the Commonwealth of Massachusetts.

We have invested in our manufacturing business substantial sums of money for machinery and fixtures. A number of the machines and the fixtures will be unable to be moved and must, of necessity, be replaced. Replacement costs are extremely expensive.

The building in which our business is located was formerly owned by private parties who always assured us that we would have a permanent residence at that address. We had often inquired as to the feasibility of purchasing the building. We were told that they did not care to sell the same and we had nothing to be concerned with since they would not move us from the premises.

In 1968 or 1969 the building was sold to Tufts University without notification to us. Following the sale of the building, we contacted the Representatives of Tufts University, who again assured us that we could remain at these premises for as long as we liked.

During the year 1971, I became aware of the fact that Tufts University was applying for a grant in the field of Cancer Research for its Medical School. I was informed that the Federal Grant No. 1–P02–CA–12924–01, Cancer Research, would require Tufts University to locate on the premises presently occupied by my firm. I had several conferences with the authorities at Tufts University, as well as with the Department of Health, Education and Welfare, seeking some way whereby the Federal grant could incorporate a portion of its funds to be allocated for the relocation of my firm. I was assured at all times, by Tufts University, that they would cooperate to the fullest by giving what help they could to my situation. Recently, I was informed that the grant was approved for Tufts University but that there was not included in such grant, any relief for my firm in the relocation of its business. I immediately contacted the Department of Health, Education and Welfare. After several meetings, I was told that the present Uniform Relocation Act does not cover my situation. I was informed, that as Tufts University is a private entity, without authority to take property by eminent domain, therefor, although it had received a public grant, my situation was not covered. It seemed to me that the situation is rather a harsh one as it applies to my firm. My firm cannot afford the expense of relocating and replacing all necessary equipment. I feel that where a Federal project or grant is involved, there should be some relief for firms like mine which are caused to be disrupted whether directly or indirectly by a Federally funded project. If my firm does not get any relief it will mean that we will have to go out of business and thereby the economy of this Country and the Commonwealth of Massachusetts will once again be affected.

I am in hopes that the present Bill before your Committee, namely: S. 1819 which is an amendment to the Uniform Relocation Public Law will be passed to cover the deficiencies in that Law thereby helping to relieve, not only my situation, but perhaps others who find themselves in similar situations.

For your further information I have submitted to the Department of Health, Education and Welfare at Boston, Massachusetts an estimate of the cost to my firm for such relocation. The estimates were obtained from qualified firms familiar with my business. I am herewith enclosing a photocopy of the estimates, which I have obtained which you may have for your records.

I want to remain in business and employ the number of workers as I have indicated above, but I find that it will be almost impossible unless, I am able to get the proper financial assistance for the relocation of my business.

It is most urgent that the relief I seek be forthcoming as soon as possible as I have been informed by Tufts University that they would like to have the premises, which I occupy, some time the first of July 1972.

Very truly yours,

PAUL GOLD.

STATEMENT OF HON. FLETCHER THOMPSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

This statement is submitted in support of H.R. 14325 and S. 1819, to amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

Prompt enactment of this legislation is critical to Georgia. Otherwise, Georgia, for the remainder of this year, will not be able to participate in federal programs which require property acquisition and/or relocation.

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 requires that States comply with the provisions of that Act by July 1, 1972. Unfortunately, Georgia's Constitution prevents the State from complying with the provisions of the Act. If not corrected, this will result in the loss of millions of dollars for federally funded projects.

In order to make the necessary corrections, at the last Session of the Georgia General Assembly, a Constitutional Amendment was passed which will appear on the General Election ballot November 7, 1972. This is the only legal means by which Georgia can bring itself into compliance and our State legislature is operating with the maximum speed and in good faith.

The passage of H.R. 14325, now being considered by your Committee, would simply grant Georgia and about four other States in the same position, time to make the necessary corrections in their Constitution in order to comply with the law.

It is hoped that your Committee will act favorably and rapidly on this matter.

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