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

GOVERNMENT

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION

OF THE

COMMITTEE ON PUBLIC WORKS

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 5020 and Related Bills

TO AMEND THE UNIFORM RELOCATION ASSISTANCE AND
REAL PROPERTY ACQUISITION POLICIES ACT OF 1970 TO
PROVIDE FOR MINIMUM FEDERAL PAYMENTS FOR FOUR
ADDITIONAL YEARS, AND FOR OTHER PURPOSES

MARCH 13, 14, AND 15, 1973

Printed for the use of the Committee on Public Works



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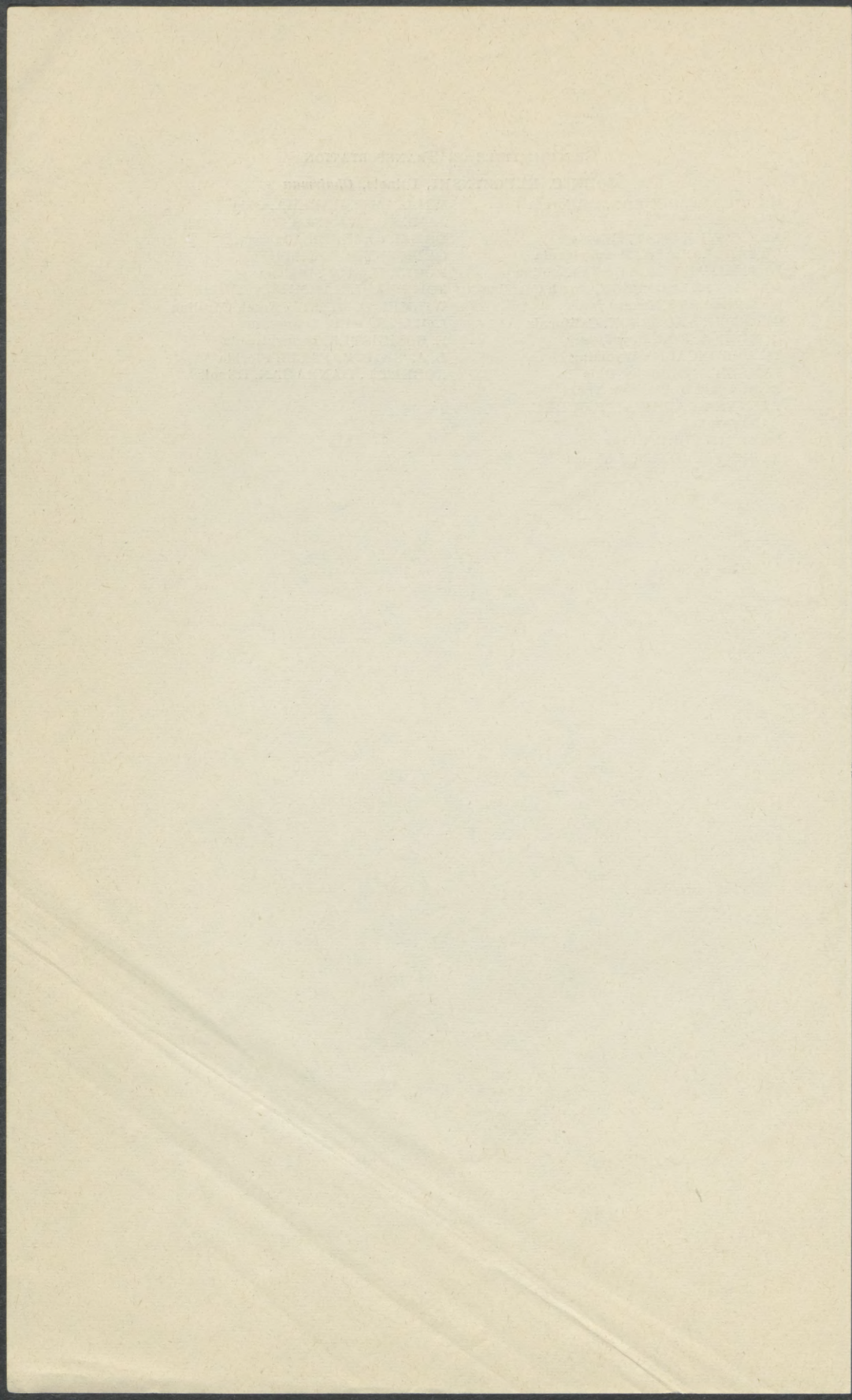
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CONTENTS

	Page
H.R. 5020: To Amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 To Provide for Minimum Federal Payments for Four Additional Years, and for Other purposes--	2

TESTIMONY

Bartelsmeyer, Hon. Ralph R., Acting Administrator, Federal Highway Administration; accompanied by Robert G. King, Chief, Relocation Assistance Division, Federal Highway Administration; and S. Reid Alsop, Office of the Chief Counsel-----	70
Chappell, Hon. Bill, Representative in Congress from the State of Florida; accompanied by John D. Arrington, Jr., chairman, Urban Renewal Agency, city of Palatka, Fla.; Frank S. Crabtree, Jr., executive director, Palatka Urban Renewal Agency; and Jackson Byran, counsel, Urban Renewal Agency, Palatka, Fla.-----	47
Evans, Hon. Frank E., a Representative in Congress from the State of Colorado-----	21
Fremouw, Hon. Gerrit D., Director, Facilities Engineering and Construction Agency, Department of Health, Education, and Welfare; accompanied by Gertrude Lotwin and Frank Fitzmaurice-----	84
Fuqua, Hon. Don, a Representative in Congress from the State of Florida-----	9
Gearty, Hon. Edward, State Senator, State of Minnesota, appearing in behalf of the National Legislative Conference; accompanied by Richard H. Lincoln, special assistant, National Legislative Conference-----	57
Graves, Hon. Clifford, Acting Assistant Secretary for Community Planning and Management, Department of Housing and Urban Development; accompanied by Melvin Geffner, Chief, Relocation Branch; and David Pinsky, Office of the General Counsel-----	73
Hill, Charles, M., Sr., secretary, Wisconsin Department of Local Affairs and Development, appearing on behalf of the National Governors' Conference; accompanied by Richard H. Lincoln, special assistant, National Governors' Conference-----	29
Hubbard, Robert, chairman, National Relocation Committee of the National Association of Housing and Redevelopment Officials, and assistant commissioner, Department of Housing and Community Development, city of Baltimore, Md.-----	63
Ink, Hon. Dwight A., Assistant Director of the Office of Management and Budget; accompanied by James D. Currie, Director of the Procurement and Property Management Branch; and Joseph D. Cohn, Office of Management and Budget-----	92
Murphy, John C., legislative representative, National Association of Counties-----	67
Peyser, Hon. Peter A., a Representative in Congress from the State of New York-----	13
Villanueva, Juan, Commissioner, Department of Relocation and Management Services, city of New York, New York City Housing and Development Administration; accompanied by David M. Muchnick, special assistant-----	36
Whitaker, Don E., mayor, city of Lawton, Okla.; accompanied by David F. Garrison, legislative counsel, National League of Cities and U.S. Conference of Mayors-----	60

MATERIAL RECEIVED FOR THE RECORD

Chappell, Hon. Bill, a Representative in Congress from the State of Florida, statement.....	Page 47
Daniel, Hon. Robert W., Jr., a Representative in Congress from the State of Virginia, letter presenting correspondence from (a) the mayor of the city of Portsmouth, Va.; (b) the executive director of the Chesapeake Redevelopment and Housing Authority, Chesapeake, Va.; and (c) the executive director of the Portsmouth Redevelopment and Housing Authority, Portsmouth, Va.....	110
Evans, Hon. Frank E., a Representative in Congress from the State of Colorado, statement.....	21
Fremouw, Gerrit D., Director, Facilities Engineering and Construction Agency, Department of Health, Education, and Welfare:	
HEW procedures for evaluating project proposals.....	88
Information on HEW programs for fiscal year 1974.....	91
Graves, Hon. Clifford, Acting Assistant Secretary for Community Planning and Management, Department of Housing and Urban Development:	
Summary of HUD programs to which coverage would be extended under H.R. 3271 (S. 261).....	76
Information re meetings of HUD Regional Office Relocation Staff.....	80
Information re Arthur D. Little, Inc., Study of Rehabilitation.....	81
Miller, Hon. Clarence E., a Representative in Congress from the State of Ohio, statement.....	108
National Association of Home Builders, Washington, D.C., George C. Martin, president, letter.....	109
Peyser, Hon. Peter A., a Representative in Congress from the State of New York:	
Statement.....	13
Letter dated January 29, 1973, to Hon. James T. Lynn, Secretary, Department of Housing and Urban Development.....	16
Correspondence received from George C. Hibbard, executive director, town of Greenburgh, White Plains, N.Y.....	20
Robison, Hon. Howard W., a Representative in Congress from the State of New York, statement.....	107
Scheuer, James H., president, National Housing Conference, statement.....	110
Villaneuva, Juan, Commissioner of the Department of Relocation and Management Services of the city of New York, 1972-76 projected total cost for relocation assistance for the city of New York.....	40
Whitehurst, Hon. G. William, a Representative in Congress from the State of Virginia, statement.....	25

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

TUESDAY, MARCH 13, 1973

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

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2167, Rayburn House Office Building, Hon. Harold T. Johnson presiding.

Mr. JOHNSON. The Subcommittee on Transportation will come to order.

This morning the Transportation Subcommittee begins its hearings into legislation to amend the Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

The 1970 act was passed by Congress to insure that people who are dislocated by any Federal or federally assisted program receive fair and equitable treatment at the hands of the Federal 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 original intent of the act was for the Federal Government to get this program moving for the first 18 months, and then the States would take over on a cost-sharing basis that is unique to each program.

Last year the Senate and House passed legislation to amend the act. We met in conference and worked out an agreement satisfactory to both sides. Unfortunately, the Congress adjourned before action on this legislation could be completed.

The Senate has passed a bill, S. 261, and 17 members of this committee have introduced identical legislation, H.R. 5020, to extend the Federal payment to July 1, 1976, and making it retroactive from July 1, 1972. These bills are identical to the conference report.

Also included in both bills are eight programs which, because of circumstances, may require specific inclusion. We will hear from several witnesses on these programs.

Today we will hear from several Members of Congress who have introduced legislation to amend the 1970 act. On Wednesday we will hear public witnesses who have expressed interest in the legislation. On Thursday we will receive the position of the administration.

There are a good many bills introduced on this subject matter that are under active consideration by the Subcommittee on Transportation. I am sorry that the chairman of the subcommittee isn't able to be here this morning, and I will act in his stead.

I will place in the record, at this point, a copy of the bill H.R. 5020.
[Bill referred to follows:]

93D CONGRESS
1ST SESSION

H. R. 5020

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1973

Mr. BLATNIK (for himself, Mr. KLUCZYNSKI, Mr. WRIGHT, Mr. GRAY, Mr. JOHNSON of California, Mr. DORN, Mr. HOWARD, Mr. ANDERSON of California, Mr. ROE, Mr. RONCALIO of Wyoming, Mr. MCCORMACK, Mr. JAMES V. STANTON, Ms. ABZUG, Mr. BREAUX, Mr. STUDDS, Ms. BURKE of California, and Mr. GINN) introduced the following bill; which was referred to the Committee on Public Works

A BILL

To amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to provide for minimum Federal payments for four additional years, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That (a) section 207 of the Uniform Relocation Assistance
- 4 and Real Property Acquisition Policies Act of 1970 (84
- 5 Stat. 1898) is amended by striking out "July 1, 1972," and
- 6 by inserting in lieu thereof "July 1, 1976,"; and by inserting
- 7 before the period at the end of such section, "required by
- 8 section 210, and in the case of any real property acquisition
- 9 or displacement occurring prior to July 1, 1974, such Fed-

1 eral agencies shall pay 100 per centum of the cost of such
2 payments and assistance required by section 305”.

3 (b) Section 211 (a) of such Act is amended to read as
4 follows: “(a) The cost to a State agency of providing pay-
5 ments and assistance pursuant to sections 206, 210, 215, and
6 305, and cost to a person of providing payments and assist-
7 ance pursuant to section 223 (a), shall be included as part
8 of the cost of a program or project for which Federal finan-
9 cial assistance is available to such State agency or person, and
10 such State agency or person shall be eligible for Federal
11 financial assistance with respect to such payments and assist-
12 ance in the same manner and to the same extent as other
13 program or project costs, except that, notwithstanding any
14 other law in the case where the Federal financial assistance
15 is by grant or contribution the Federal agency shall pay the
16 full amount of the first \$25,000 of the cost to a State agency
17 or to a person of providing payments and assistance for a
18 displaced person under sections 206, 210, 215, and 223 (a)
19 on account of any acquisition or displacement occurring prior
20 to July 1, 1976, and under section 305, on account of any
21 acquisition occurring prior to July 1, 1974, and in any case
22 where such Federal financial assistance is by loan, the Fed-
23 eral agency shall loan such State agency or person the full
24 amount of the first \$25,000 of such cost.”

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

3 "INTERIM RELOCATION ASSISTANCE AND REAL PROPERTY
4 ACQUISITION EXPENSES

5 "SEC. 222. (a) During the period from July 1, 1972,
6 through June 30, 1973, the head of a Federal agency is
7 authorized to pay to a State which is not in compliance with
8 this Act such sums in excess of the first \$25,000 of cost as
9 may be necessary to make all payments and provide all as-
10 sistance required by this Act.

11 "(b) On and after July 1, 1973, or such earlier date
12 that a State is able, under its laws, to comply with sections
13 210 and 305, the head of a Federal agency shall (1) not
14 approve any grant to, or contract or agreement with, any
15 State agency, of the kind referred to in such sections,
16 unless such State agency satisfies the head of the Federal
17 agency that the State is taking appropriation measures to re-
18 pay to the United States an amount equal to the payments
19 made by the Federal agency in carrying out subsection (a)
20 of this section that the State would have paid if it had been
21 in full compliance with such sections after July 1, 1972, or
22 (2) after giving the State agency a reasonable period of time
23 to seek funds to repay the United States the amounts of such
24 payments, deduct sums totaling the amounts of such pay-

1 ments from Federal assistance available under any grant,
2 contract, or agreement (except relocation payments) from
3 the Federal agency, to that State agency, over a period and
4 in a manner that shall not substantially and adversely affect
5 the programs or projects so assisted.”.

6 (d) Section 101 (3) is amended by inserting immedi-
7 ately after “means” the following: “a State,”.

8 (e) Section 101 (6) is amended by inserting immedi-
9 ately after “personal property from real property” the fol-
10 lowing: “which he or his personal property lawfully
11 occupies,” and by adding at the end thereof the following:
12 “In any administrative or judicial determination as to law-
13 ful occupancy, occupancy shall be deemed to be prima facie
14 evidence of lawful occupancy, and the burden of proving
15 unlawful occupancy shall be on the party alleging unlawful
16 occupancy.”.

17 (f) Title II of such Act, as amended by subsection (c)
18 of this section, is amended by adding at the end thereof the
19 following new sections:

20 “ASSISTANCE TO SPECIFIED PROGRAMS AND PROJECTS

21 UNDERTAKEN DIRECTLY BY CERTAIN PERSONS

22 “SEC. 223. (a) Notwithstanding any other provision of
23 law, whenever a program or project to be undertaken (A)
24 by a person, other than an individual, furnished Federal
25 financial assistance for such program or project under section

1 202 of the Housing Act of 1959 (12 U.S.C. 1701q), under
2 title VI of the Public Health Service Act (42 U.S.C. 291),
3 under section 301 of the Public Health Service Act (42
4 U.S.C. 241), under title IV of the Housing Act of 1950
5 (12 U.S.C. 1749), or under the Higher Education Facilities
6 Act of 1963 (20 U.S.C. 701), or (B) by a State agency
7 furnished Federal financial assistance for such program or
8 project under the United States Housing Act of 1937
9 (42 U.S.C. 1401) for the rehabilitation or modernization
10 of public housing, and the Federal financial assistance is fur-
11 nished by a Federal agency pursuant to a grant, contract, or
12 agreement and such program or project will result in the
13 forced displacement of any person, the head of the Federal
14 agency furnishing such financial assistance shall insure that
15 the following payments and services be provided--

16 “(1) fair and reasonable relocation payments and
17 assistance to or for such displaced persons, as are required
18 to be provided by a Federal agency under sections 202,
19 203, and 204 of this title;

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

23 “(3) prior to the approval of the grant, contract,
24 or agreement by the head of the Federal agency, that
25 decent, safe, and sanitary replacement dwellings will be

1 available to such displaced persons within a reasonable
2 period of time prior to displacement in accordance with
3 section 205 (c) (3).

4 “(b) Notwithstanding any provision of law, whenever
5 a program or project to be undertaken by a person furnished
6 Federal financial assistance for such program or project
7 under section 235 (j) or section 236 of the National Housing
8 Act, as amended (12 U.S.C. 1715z (j), 1715z-1), or under
9 section 101 of the Housing and Urban Development Act of
10 1965, as amended (12 U.S.C. 1701s), by a Federal agency
11 pursuant to a grant, contract, or agreement will result in the
12 forced displacement of any person, the head of the Federal
13 agency furnishing such financial assistance shall insure the
14 provision of and provide full payment for—

15 “(1) fair and reasonable relocation payments and
16 assistance to or for such displaced persons, as are required
17 to be provided by a Federal agency under sections 202,
18 203, and 204 of this title;

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

22 “(3) within a reasonable period of time prior to dis-
23 placement, decent, safe, and sanitary replacement dwell-
24 ings to such displaced persons in accordance with section
25 205 (c) (3).

1 “(c) The head of any Federal agency providing Federal
2 financial assistance pursuant to the programs or projects
3 identified in subsections (a) and (b) of this section shall in-
4 sure that relocation payments and other benefits provided
5 under this section reach only displaced persons.

6 “REMOVAL OF VACANT IMPROVEMENTS

7 “SEC. 224. No department, agency, or instrumentality of
8 the Federal Government administering any program provid-
9 ing Federal financial assistance shall, for the purpose of assur-
10 ing compliance with this Act, impose any limitation on the
11 removal of vacant improvements located on real property
12 acquired in connection with such a federally assisted project.”

13 SEC. 2. Section 202 (a) (2) of the Uniform Relocation
14 Assistance and Real Property Acquisition Policies Act of
15 1970, is amended by inserting immediately before the semi-
16 colon a comma and the following: “except that in any case
17 where it is impracticable to determine such relocation ex-
18 penses the payment shall be for the actual direct losses”.

19 SEC. 3. Title III of the Uniform Relocation Assistance
20 and Real Property Acquisition Policies Act of 1970 (84
21 Stat. 1898) is amended by adding at the end thereof the
22 following:

23 “DONATIONS

24 “SEC. 307. Nothing in this title shall be construed to
25 prevent a person, after he has been tendered the full amount

1 of estimated just compensation as established by the ap-
2 proved appraisal of the fair market value of the subject
3 property, from making a gift or donation of such property
4 or any part thereof or of any of the compensation paid there-
5 for, to a Federal agency, a State or a State agency, as such
6 person shall determine.”.

Mr. JOHNSON. Our first witness this morning will be Hon. Don Fuqua, State of Florida. You may proceed.

**STATEMENT OF HON. DON FUQUA, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA**

Mr. FUQUA. Thank you very much, Mr. Chairman, and members of the subcommittee. I welcome this opportunity to appear before you today in support of legislation that I have introduced, which would amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

This legislation, as you have mentioned, is identical to the conference report version of S. 1819 of last Congress, which died with the expiration of the 92d Congress. As the subcommittee knows, this measure has been introduced, as mentioned by the chairman, on the Senate side as S. 261, and passed that body on February 2, 1973.

I support these amendments for the same reasons I voted in favor of the original legislation in 1970. There was and still is a great need to provide uniformity and equity in the treatment of persons displaced from their homes by Federal land acquisitions or by State and local land acquisitions that are assisted by Federal grants.

This legislation would, of course, extend assistance to specified programs and projects undertaken directly by persons other than a Federal agency or a State or State agency. This new section 223 amends the act to extend benefits to persons displaced by eight specified Federal programs as follows:

Section 202 of the Housing Act of 1959, which provides low-interest loans for the construction of housing for the elderly or the handicapped; the Hill-Burton program; section 301 of the Public Health Services Act, which is the basic authority of the Surgeon General to carry out research and investigations related to mental and physical diseases; title IV of the Housing Act, which authorizes loans and grants for the construction of housing and other educational facilities for students and faculties; the Higher Educational Facilities Act of 1963, which authorizes grants and loans for the construction of academic facilities; the U.S. Housing Act of 1937, which authorizes contracts for financial assistance to States or State agencies for the construction of low-income housing; section 235 of the National Housing Act, which authorizes mortgage assistance payments in cases of acqui-

sition of four or more single-family units for resale to low-income families; section 236 of the National Housing Act, which authorizes interest reduction payments on behalf of owners of rental housing projects; and section 101 of the Housing and Urban Development Act of 1965, which is the basic rent supplement program for the elderly, handicapped, those displaced by Government action, those occupying substandard housing, or victims of a national disaster.

Mr. Chairman, the philosophy of the legislation remains the same as the original intent of Congress—that is, to provide adequate relocation payments to insure that displaced persons will be able to secure comparable, decent, safe, and sanitary replacement housing. Advisory assistance, economic adjustments, and other assistance to owners and tenants displaced from their homes, farms, and places of business will be equitably compensated.

I have introduced the conference report version of last year's measure as well as the bill which was substantially similar to the House-passed version. My purpose in doing this is to demonstrate my strong support of the legislation that would extend the provision providing Federal funding of the first \$25,000 for relocation payments for persons displaced by federally assisted programs and projects.

Due to the fact that section 211(a) covering federally assisted programs provides that State and local governments must share relocation costs with the Federal Government on a formula basis in the same manner and to the same extent as other program or project costs are shared, many worthwhile programs have been jeopardized.

While it adversely affects a number of projects in my congressional district, it has proved disastrous to the urban renewal program of the city of Palatka, Fla. This fine city, which I was privileged to represent until the recent redistricting in Florida, has a pending capital grant of about \$3,250,000 to undertake an urban renewal project.

The project planning is completed and Federal funds have been set aside in the area office of the Department of Housing and Urban Development to make the project a reality. Local funding, however, is contingent on the successful passage of this bill. To make the relocation costs a part of the project costs would add about \$250,000 to the city's overall project cost. Since the city has already arranged to spend about \$680,000 in either cash or noncash local contributions, this additional cost would add an impossible burden which the city cannot afford.

The quandary in which this city finds itself is a perfect illustration of the great need for this legislation. Unfortunately, the city has only a very few days in which to secure the relief offered by this legislation, as the HUD area office has advised the city fathers that they will have to rescind the commitment so as to be able to allocate the funds to another project in Florida. Otherwise, the funds will have to be returned to the HUD regional office in Atlanta for disbursement throughout the Southeast.

I am most hopeful that this subcommittee will act with dispatch on this legislation and provide the measure of relief so desperately needed by Palatka and other cities which are in similar positions.

When the original legislation was enacted, it was hoped that the July 1, 1972, deadline would allow the State and local governments to make the necessary budgetary adjustments. It is quite apparent

now that such a deadline was grossly insufficient to meet these needs and a prudent extension passed both Houses.

The 4-year extension permitted by the conference report seems equitable to me, and I am hopeful that this period is maintained so as to expedite the passage of this essential legislation.

During this 4-year period the Federal Government would assume full responsibility for the first \$25,000 of any single relocation payments, but after this period relocation costs would be shared.

To require that State and local governments share these great costs without additional leadtime would impose severe hardships on them. Certainly, the experience of the city of Palatka has brought this home to me dramatically.

It is obviously true, and it has been stated before, if the present provisions remain intact, cost-sharing would represent a step backward for the HUD funding arrangements that have been in operation for some time. It is my understanding that the Federal Government has been paying 100 percent of the relocation costs for over a decade. When I voted in favor of the act in 1970, it was certainly not my intent to place this great burden on the local and State governments. I recognize the equitable considerations of providing adequate assistance to displaced persons, and I still favor the payment of these funds.

There is a question, of course, about the status of many of the HUD programs to which this legislation is addressed. I am most hopeful that the appropriate House committees will confront the President's unilateral actions in curtailing many of these important programs and determine whether alternative means are to be developed to meet the housing needs of our citizens. These questions, however, do not obviate the need for this legislation and I earnestly urge the subcommittee to take prompt and favorable action.

Thank you again, Mr. Chairman, for the opportunity to appear this morning, and I would be happy to answer any questions that you might have.

Mr. JOHNSON. I want to commend the gentleman for a very forthright statement in support of the legislation. It is a piece of legislation that we had agreed upon prior to the adjournment of the 92d Congress, but as you know, it died for lack of a quorum and therefore was never enacted. The problem is before us still.

The legislation has been introduced and, as you testified on H.R. 5020, a good many members of the committee agree with you and are in full support of the legislation. We are glad to learn your position.

As you stated, some of the programs to which the bill relates have been set aside, especially in HUD's operation, 235 and 236 are two of those programs, and there will probably be others. How general revenue sharing and special revenue sharing are going to relate to this problem, it will have to be worked out as time goes on.

I am sure there will be a need for legislation of this kind. We labored hard and long until we passed the 1970 act, and I think it was a step in the right direction. And I fully agree with your position.

Mr. Cleveland?

Mr. CLEVELAND. Thank you, Mr. Chairman. It is a pleasure to welcome the distinguished Member from Florida to the committee, and I congratulate him on his fine statement.

As far as the specific problem that triggered your interest in this legislation, that would be taken care of by a simple 1-year extension, would it not?

Mr. FUQUA. Yes, it would. And I think also, in response to my good friend's question, as the chairman pointed out, some of the Federal housing programs have been terminated by Executive order. But those that had commitments prior to this time are still caught up in the expiration of the sections dealing with Federal contributions for relocation costs.

So if we had some type of phasein, or phaseout, of this program, I think it would be a reasonable approach. Then make farther reaching decisions about relocation costs when the President's new housing proposals are considered.

Mr. CLEVELAND. What makes your particular situation so compelling is the fact that when they started the program they were entitled to expect the full Federal funding under the first \$25,000 relocation.

Mr. FUQUA. This is exactly right, and it is almost to the point of a breach of faith of a contract.

Mr. CLEVELAND. So I could oppose a 4-year extension and support either a 1-year extension or an extension covering those projects that have been in the planning stage during the previous law, without being inconsistent?

Mr. FUQUA. I think so, yes.

Mr. CLEVELAND. If you follow me, the thing that bothers me about the flat 4-year extension is, when we get to the end of the next 4 years—and I'm not sure if I'll be here—but if I am, there may be another area in your district that has come right down to that line. And knowing they have such an effective and able Congressman as you, they would say, "Well, we're sure that if we got the previous extension then we can get another extension." We're almost talking about permanent legislation. That's the point I'm trying to make in my discussion.

Mr. FUQUA. The gentleman is very generous in his complimentary remarks, and I appreciate them very much.

I would say, that if this is the wisdom of the committee or Congress, that there not be any extension after the 4 years, certainly adequate notice should be provided. But last year we had every reason to believe a compromise would be worked out, and one had been agreed to. Unfortunately, it was unable to pass because of a lack of a quorum in the last moments of the 92d Congress.

Mr. CLEVELAND. Again, that was an extension?

Mr. FUQUA. Yes, it was an extension.

Mr. CLEVELAND. As far as giving notice is concerned, we can argue at least that communities did have adequate notice, because we did have the cutoff on the previous bill, although admittedly this was not widely known and the leadtime wasn't great.

I have no further questions, Mr. Chairman.

Mr. JOHNSON. The gentleman from South Carolina, Mr. Dorn. Any questions?

Mr. DORN. No questions, except I have the highest esteem for my distinguished colleague and thank him for his valuable testimony.

Mr. JOHNSON. Mr. Hanrahan?

Mr. HANRAHAN. No questions.

Mr. JOHNSON. Mr. Anderson of California?

Mr. ANDERSON. No questions.

Mr. JOHNSON. Mr. Shuster of Pennsylvania?

Mr. SHUSTER. No.

Mr. JOHNSON. We want to thank you for your appearance here and the testimony you have given and your response to the questions.

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

Mr. JOHNSON. Our next witness will be Hon. Peter A. Peyser of the State of New York.

Congressman Peyser, we are very glad to have you here this morning to give your testimony.

STATEMENT OF HON. PETER A. PEYSER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. PEYSER. Thank you, Mr. Chairman. I am delighted to have this opportunity to appear before your committee. My purpose is to discuss the bill which I have introduced this session, H.R. 4279, which I believe is necessary to correct an oversight that was made in the 1970 act.

Specifically, this concerns double payments for urban renewal movement and relocation.

Now, rather than read this statement, which I have had distributed to the members, I would like to simply have it entered, if I may, into the record and then make a brief statement concerning this total statement and shorten the whole procedure.

Mr. JOHNSON. Your statement will appear in the record in full at this point.

[The statement referred to follows:]

STATEMENT OF HON. PETER A. PEYSER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

My purpose this morning is to discuss a bill which I have introduced this session (HR 4279) and which I believe is necessary to correct an oversight that was made in the 1970 act. Specifically this concerns double payments now made under the act.

Currently, relocation payments are not counted as public assistance. This leads to an inequitable situation, which Congress never intended. A family which is having their rent paid by public assistance money can receive additional money in the form of relocation payments. Yet they have had no out-of-pocket expenses. The relocation money is simply a bonus, which no taxpayer receives. Relocation money was intended to compensate the legitimate expenses which a family incurs when they are forced to relocate for urban renewal. It was not intended to be a windfall for those on public assistance. Those people already have their costs paid for by social services. To give additional money is to perform a disservice to the taxpayer, who is already concerned with rising welfare rolls.

My concern in introducing this bill is to correct this inequity. I have been in touch with social services and relocation administrators in my district and there is much concern about these double payments. The current situation is wasteful, unfair, and serves no purpose. We are at a situation where the average working man is being taxed to the furthest limits feasible, and yet, in many areas, his money is being squandered needlessly. At a time when the average working man is looking at public assistance closely, and wondering how his tax money is being spent, how can we sit by and tell him that people on public assistance are entitled to a bonus for being relocated, when that same relocation for him might mean he will have to pay higher rent for which he is not fully compensated? To say that to the average taxpayer would be considered an out-

rage. We must correct this situation immediately. Our domestic problems have to reflect fiscal responsibility, and this one certainly does not.

I am not speaking against relocation payments. I believe they are necessary—people who are relocated because of urban renewal should be compensated. Yet thus far I have been very leery of this particular program. I have examined it closely, especially in regard to my own district, and found it to be very wasteful in its administrative policies.

In addition to the oversight in the original legislation, the department has had a very questionable policy toward making the relocation payments. This policy was so questionable that it was eventually changed by administrative regulation. Yet it entailed a great deal of waste while it was in practice. Specifically, the department had a fixed policy of computing payments. They were set on a basis of the average rent in the area, and bore no relationship necessarily to the actual relocation costs. Thus, if you moved from a rental unit for which you were paying \$75, into a unit that rented for \$50, and the average rent in the town was \$150, you received relocation payments at the level of \$150, even though your costs were only \$50. This is complete fiscal irresponsibility. It was finally changed on August 17, 1972. Yet it does not apply to those who were relocated prior to that date. Since relocation payments are spread over four years, these families will receive the benefit of this irresponsible action for another two or three years, even though it has been officially recognized as an irresponsible policy. Again this is a slap in the face to the taxpayer who is asked to subsidize these irresponsible actions.

I have complained to Secretary of Housing and Urban Development James Lynn because of this waste, in a letter dated February 8, 1973. I reported a case to him where the Executive Director of the Urban Renewal Commission in my own town of Greenburgh was then under instruction to pay \$1000 per year for four years to twelve families who were forced to relocate prior to August 17, 1972. The housing that these families moved to was \$24 per month less expensive than the housing from which they moved. This policy, plus the question of double payments, is outright waste.

It is my belief that this program has been irresponsible in its fiscal activity. When a program receives such a categorization, it loses effectiveness. The public loses confidence in the program, and the good which was intended by the legislation is frustrated.

We need this type of program, but we need it well administered and fiscally sound. I believe that my bill corrects a wasteful defect in the program, and I urge its swift passage.

Mr. PEYSER. In essence, what is happening here, it seems to me, should be of great concern to all of the Members of the House, because at this time, when we're trying to look for areas where we can curtail unnecessary expenses, we have a situation that exists in the Relocation Act that really defies commonsense.

Specifically what happens is that when a family is relocated due to urban renewal development, public assistance does not count as part of their income. In other words, we move a family who is paying \$100 a month rent in an area that is now being redeveloped, and they are moved to another area, and their rent goes to, say, \$150 a month, the public assistance in many areas picks up—this is for families who are on public assistance—public assistance picks up that increase.

And yet, at the same time, HUD, through its relocation program, pays that increase directly to the individual. So we have a situation where somebody, in effect, is charged a \$50 a month rent increase, and public assistance is picking that up and at the same time the Federal Government is giving that family \$50 a month more income, as though that is the payment for the increase.

Now, this is one part that seems absolutely absurd to me that we would be doing this.

The second part is a program that involves really millions of dollars that came to light in the town of Greenburgh in Westchester

County, N.Y., 2 months ago, where in January of 1971 there was a ruling from HUD that stated if a family moved, relocated, that they would receive payment of \$1,000 a year for 4 years to cover that relocation move.

The thought was at that time—and it was an obvious, maybe a legitimate thought—that families were moving from low-income to high-income areas, and therefore the way of doing this was to spread that increase over a 4-year period and give them \$1,000 a year.

I am totally in support of compensating families who are forced to move because of urban renewal, and who are forced to move to higher rent areas. I think there should be an adjustment made by the Federal Government.

But what we have seen happen in our area, in New York, is the case where an individual is moved from an income—let's say a rent payment of \$100 a month, and they are moved into public housing for the same apartment at \$75 a month. In other words, a lower rent. And they are still given \$1,000 a year for 4 years. This seemed absolutely absurd, and it obviously seemed absurd to HUD, because in August of 1972 they eliminated that ruling and stated that this would no longer be payable.

However, all of the people who moved between January 1, 1971, and August of 1972, who have received their first or their second installment of the \$1,000 payment, are still going to receive the last two installments of that payment, even though they are in a lower rent area than the area they moved from.

We called this to the attention of HUD. In fact, we wrote the New York regional office and said to them, "How can you possibly do this?" We received an answer stating that the families involved were entitled under that ruling to the \$4,000 at \$1,000 a year, and that there is no way they could change that, even though they were in a lower rent area. Therefore, while they terminated the ruling in August of 1972, anybody who had received or was receiving this money would continue to receive it.

There is an awful lot of money involved here that is not at all speaking to the idea of relocation. What is happening is that we're finding relocation is like a bonus. It seems to me this is totally inconsistent with the thinking of Congress as to what should be happening.

As I say, we deal with the New York office of HUD on this. The answers back to the regional people were "continue to make these payments, even though the rent is lower. The payments must be made."

We have written Secretary Lynn on this, and as yet we have not received a response from his office, as to how they would handle this kind of a situation.

Now, very briefly, my act eliminates that double payment. It says that this is not the intent of Congress and that people should not be receiving, in effect, a bonus. We think they ought to be given relocation money to cover those expenses and the increases, but they should not be given a bonus.

That, very briefly, is what the situation is. It doesn't make sense to us, and we hope that your committee will see fit to act on this and to change this legislation.

Mr. JOHNSON. Thank you, Mr. Peyser, for a very fine summary of your statement.

You do point out in your statement, which I have read through, the two matters of concern included in your bill, H.R. 4279. I think you have given us a very fair summary of the contents of your bill and the reasons for your bill, and stating that you carried this forward with the HUD people themselves, and now under the new Director there you have not received a reply to your letter.

I would ask that you furnish for the record your communications, if you would.

Mr. PEYSER. I would be glad to do that, Mr. Chairman.

[The documents follow.]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., January 29, 1973.

Secretary Designate JAMES LYNN,
Department of Housing and Urban Development,
Washington, D.C.

DEAR MR. LYNN: I was shocked to learn that your Department is making relocation payments to persons forced to move to new rental housing because of urban renewal which are far in excess of any actual relocation expenses.

Even though regulations issued by HUD on August 17, 1972, changed your Department's payment policy for any relocations prospective from that date, automatic \$1,000 per year payments are still being made to people who moved prior to August 17, 1972. In fact, in my own town of Greenburgh, the Executive Director of the Urban Renewal Commission is currently under instructions to pay \$1,000 per year for four years to twelve families who were forced to relocate prior to August 17, 1972, even though those families moved to public housing which was \$24 per month less expensive than the housing from which they moved. In many other cases not only are the families going to get relocation assistance from your Department, but also they are going to get increased public assistance, and thus a double benefit. This is outrageous.

When we consider the tens of thousands of relocation cases which must take place in New York City alone every year, this is a tremendous and totally unnecessary expense to the taxpayers, in a period when we should be doing everything possible to eliminate government expenses.

I do believe that people relocated because of urban renewal should be compensated for any increased costs they incur, but at the same time it seems incredible to me that the government should be making a fixed payment to a relocated party regardless of their actual situation. This certainly was not within the intent of Congress, and I would urge you to take whatever action is necessary to correct this squandering of the taxpayers' dollars.

Sincerely,

PETER A. PEYSER,
Member of Congress.

Mr. JOHNSON. Mr. Cleveland?

Mr. CLEVELAND. Thank you, Mr. Chairman.

I congratulate the gentleman from New York for bringing to our committee's attention what appears to be a very serious oversight in the original legislation. I don't think this is what the Public Works Committee intended when it passed this relocation legislation.

Let me just ask you a question about the people who are on welfare and get this relocation payment. I don't know about New York State law, but if somebody in New Hampshire is on welfare and they get some additional outside income, which is at least known, this readjusts what they're getting from welfare. So if one of your welfare recipients were getting these relocation payments, isn't that considered an offset against their—

Mr. PEYSER. No; it's not, because relocation payments are not considered as part of income under welfare, and I'm not sure whether that's a national or simply a State law. But in New York State

relocation payments are not considered as part of the income. I wasn't aware in other States it was considered part of it.

Mr. CLEVELAND. I'm not positive it is in New Hampshire, either, but I know it's a general principle. For example, this came up last year when a great many people on welfare received an increase in their social security payments. In some States, including New Hampshire, this was an offset against what they were getting from public assistance.

Mr. PEYSER. You're right. That's exactly right.

Mr. CLEVELAND. By the same token, if somebody inherits a large sum of money, theoretically it takes him off of welfare. But anyway, as far as New York State is concerned, at least, the relocation payment is not considered on the form sheet which entitles them to welfare?

Mr. PEYSER. That's right.

Mr. CLEVELAND. The other point you have raised is even more perplexing to me. Is what you're telling the committee this: That if somebody, because of relocation, might have been paying \$150 or \$100 for rent, and then moves, and the authorities and other people see to it they get this subsidized low-rent housing, they still get a bonus or payment because they had to move, and it is assumed they would go into higher rent?

Mr. PEYSER. That's correct.

If I may, it's a very brief paragraph here, and let me read this letter from Mr. James Fleming, who is the Acting Assistant Director of Operations and Planning and Relocation for HUD in New York. This is in response to a correspondence from Mr. Hibbard, who is the Urban Renewal Commissioner in Westchester. He says here—this is where Mr. Hibbard, at my request, is raising the point of why these payments should be made to people with lower rents, and the answer says this:

Please be informed that the tenants relocated to public housing during the period of January 1, 1971 to August 17, 1972, are entitled to replacement housing payments, even though their new rents may be less than the rents they previously paid. In these cases, the new rents are not considered in the replacement housing payment computation. Claimants are therefore entitled to full payment of \$4,000.

So they are very specifically stating that even though the rents are less, they're going to pay them the \$4,000.

Mr. CLEVELAND. But then later on they took a second look at it and said "No"?

Mr. PEYSER. That's right. In August of 1972 they took a second look at this and said "no more, this is wrong," and they were right to make that decision. But they refused to stop the balance of the payments, which run into the millions, for the people who were already collecting.

Mr. CLEVELAND. This is something then that at least you can't lay at our doorstep, because this was not because of the Relocation Act that we passed specifically said this could be done. It was because some bureaucrat interpreted that it could be done:

Mr. PEYSER. That's exactly right.

Mr. CLEVELAND. And after you called it to their attention, they said we made a mistake but it's an ongoing problem to the tune of several million dollars.

Mr. PEYSER. There is a tremendous amount of money involved over the next 2 years. For instance, the payments that this particular let-

ter authorized are going to carry on for 4 years now, even though the program that they authorized it under has been eliminated.

Mr. CLEVELAND. The reason I'm pursuing the point is simply this: As you know, a good many people now are criticizing the Congress for all sorts of things, including dereliction of duty, and not standing up to the executive. But this particular horrible example that you have given us was a bureaucratic or executive decision, with very little foundation in law.

Mr. PEYSER. That's correct.

Mr. CLEVELAND. And it was later reversed. It sometimes makes you wonder if perhaps we shouldn't be able to have the man who made that decision liable for the payments that the taxpayers have been making in the interim.

Mr. PEYSER. I couldn't agree more with what you're saying, and my hope is that through this legislation we can stop the continuation of these payments. It just doesn't make sense.

Mr. CLEVELAND. At this point in the record, Mr. Chairman, may we have section 204 of the Relocation Act of 1971, Public Law 91-646 inserted in the record?

Mr. JOHNSON. Without objection, so ordered.

[The above mentioned information follows:]

PUBLIC LAW 91-646, JANUARY 2, 1971

(C) Reasonable expenses incurred by such 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.

* * * * *

REPLACEMENT HOUSING FOR TENANTS AND CERTAIN OTHERS

SEC. 204. In addition to amounts otherwise authorized by this title, the head of the Federal agency shall make a payment to or for any displaced person displaced from any dwelling not eligible to receive a payment under section 203 which dwelling was actually and lawfully occupied by such displaced person for not less than ninety days prior to the initiation of negotiations for acquisition of such dwelling. Such payment shall be either—

(1) the amount necessary to enable such displaced person to lease or rent for a period not to exceed four years, 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, and reasonably accessible to his place of employment, but not to exceed \$4,000, or

(2) the amount necessary to enable such person to make a down-payment (including incidental expenses described in section 203(a)(1)(C)) 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 such amount exceeds \$2,000, such person must equally match any such amount in excess of \$2,000, in making the downpayment.

Mr. CLEVELAND. That section was just called to my attention and I read it rather quickly, but I think the decision by your HUD official was clearly in error. It's amazing to me that a decision like that could have been made.

I think it's a very good thing, Mr. Chairman, that the gentleman from New York has called this to our attention. We have an Oversight and Investigations Subcommittee of Public Works and perhaps they should take a look at this, because I would be curious to know if other

HUD officials in other parts of the country have made the same erroneous decision, and what it has cost the taxpayers. It points up the problems we have when we draft laws and they aren't properly administered, and it makes it very difficult.

Thank you, Mr. Chairman.

Mr. JOHNSON. The gentleman from South Carolina.

Mr. DORN. Mr. Chairman, I have no comments, other than to say I appreciate the testimony of my colleague.

Mr. JOHNSON. Mr. Hanrahan?

Mr. HANRAHAN. No questions.

Mr. JOHNSON. Mr. Roberts?

Mr. ROBERTS. No questions.

Mr. JOHNSON. Mr. Zion?

Mr. ZION. No questions.

Mr. JOHNSON. Mr. Anderson?

Mr. ANDERSON. No.

Mr. JOHNSON. Mr. Shuster?

Mr. SHUSTER. No.

Mr. JOHNSON. My only comment would be that we certainly will take cognizance of H.R. 4279 and the remarks you have made here today, and take that into consideration, and somewhere in the legislation get it cleared up either in the report or in the bill itself.

I think the section in the bill is in error, or the interpretation that was placed on it by HUD was in error, and now it's being corrected. The contents of your bill would make it mandatory if it were to be written into law.

Mr. CLEVELAND. Excuse me, Mr. Chairman, would the gentleman yield?

Mr. JOHNSON. Yes, Mr. Cleveland.

Mr. CLEVELAND. In your statement, either you prepared statement or in your correspondence that you're going to submit to the record, have we pinpointed who's who in the cast of horrors? I'm talking about point No. 2 now.

Mr. PEYSER. Yes.

Mr. CLEVELAND. Where was the project?

Mr. PEYSER. We have a specific project that brought about my inquiry, and it was located at Greenburgh in Westchester County, N.Y.

Mr. CLEVELAND. And the HUD officials—

Mr. PEYSER. We have his name and correspondence directly from HUD, the regional office in New York, that in spite of being informed by the urban renewal director in the town of Greenburgh—I think there were 24 families who moved prior to the August of 1972 date, who were all moved to public housing with lower rents than they had been paying—and the urban renewal director spoke to me on this. I said he should write to New York and get a decision.

I was sure the decision was going to be that these payments should not be made.

Mr. CLEVELAND. But in the correspondence you're submitting for the record, those names are in there?

Mr. PEYSER. Yes, the names are all specifically there.

[Correspondence referred to follows:]

TOWN OF GREENBURGH,
URBAN RENEWAL COMMISSION,
White Plains, N.Y., January 15, 1973.

Congressman PETER A. PEYSER,
Sunnyside Lane,
Irvington-on-Hudson, N.Y.

DEAR PETER: I am enclosing for your information an exchange of letters that I have had recently with HUD concerning relocation payments.

I find it incredible that the intent of the legislation can become so warped by administrative interpretation.

I trust you will find the enclosed letters interesting.

Sincerely,

GEORGE C. HIBBARD,
Executive Director.

TOWN OF GREENBURGH,
URBAN RENEWAL COMMISSION,
White Plains, N.Y., December 18, 1972.

Subject: Replacement Housing Payment—Tenants Moved to Public Housing.

Mr. JOHN B. MAYLOTT,
Area Director, Division of Housing and Urban Development,
New York, N.Y.
(Attention of Mr. Jack Johnson).

DEAR MR. MAYLOTT: I am aware, in accordance with the relocation handbook and telephone confirmation with your office, that tenants relocated to public housing during the period of January 1, 1971 to August 17, 1972 are entitled to the subject payment even though their new rents may be less or only slightly higher than they had been paying. For example, one family paying \$76.00 per month in rent was relocated to public housing where their monthly rent is \$52.00. This family is apparently entitled to a Replacement Housing Payment of \$4,000. Since this result is so contrary to the intent of the legislation I request written authorization to make such a payment.

I also wish to advise you that there are 12 such cases resulting in a proposed total expenditure of \$48,000, which was not provided for in our budget. Accordingly, I must also request a commitment to fund these payments at the time we submit our next amendatory application. In the meantime I shall hold these claims in abeyance pending receipt of your reply.

Sincerely yours,

GEORGE C. HIBBARD,
Executive Director.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
NEW YORK AREA OFFICE,
New York, N.Y., January 10, 1973.

Subject: Project No. N.Y. R-17, Replacement Housing Payment for Tenants.

Mr. GEORGE HIBBARD,
Executive Director, Town of Greenburgh, Urban Renewal Commission,
White Plains, N.Y.

DEAR MR. HIBBARD: Please be informed that tenants relocated to public housing during the period of January 1, 1971 to August 17, 1972 are entitled to replacement housing payments even though their new rents may be less than the rents they previously paid. In these cases, the new rents are not considered in the replacement housing payment computation. Claimants are therefore entitled to a full payment of \$4,000.

Sincerely,

JAMES D. FLEMMING,
Acting Assistant Director,
Operations Division, Planning and Relocation Branch.

Mr. JOHNSON. Thank you, Mr. Peyser, for your appearance here in support of your legislation.

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

Mr. JOHNSON. Our next witness will be Hon. Frank E. Evans of Colorado.

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

MR. EVANS. Thank you, Mr. Chairman, members of the committee. I appreciate your giving me this time to appear before you and speak about a matter that I brought to the attention of the committee last year.

If it meets with the approval of the chairman and the committee, I would like to just simply submit my statement for the record and briefly review it for the committee.

MR. JOHNSON. We're glad to have you here to testify, and your statement will be inserted into the record at this point. You may summarize it any way you see fit.

[The prepared statement referred to follows:]

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

The Uniform Relocation Assistance Act was initiated to provide equitable treatment for those living and doing business in locations selected for federal projects. It was badly needed.

I support this policy of equitable treatment.

The act took effect at the time the Corps of Engineers was in the process of acquiring ownership and gaining possession of property in the community of Sopris, Colorado, near Trinidad. The property was to be used as the site for the Trinidad Lake, a multi-purpose impoundment of water.

A deadline was set by the engineers for vacating the property in Sopris. Some 195 families out of 215 total met that deadline in good faith. It was not easy. Most of these people are retired miners on pensions or social security. It was most difficult for them to find new homes. The nearby town of Trinidad had few houses for sale, thus the market was small and quickly became costly. Few of these people had property which, when purchased, could provide the means to obtain safe, sanitary, and decent replacement housing, the keystone of the Uniform Relocation Assistance Act. However, they had to do the best they could. Many, to get decent housing, were forced to assume indebtedness which they cannot afford.

In the meantime, the balance of those in the affected area remained on, reached no agreement on the value of their property, refusing to meet the deadline and in some instances, received an extension to clear up their business. These few were still in possession of their properties when the greater benefits under the Uniform Relocation Assistance Act took effect.

The end result was that some people and families in this project area gained considerably more benefits by their missing the deadline for movement. Those who in good faith, and at considerable cost and sacrifice to themselves, moved out before the effective date of the new act, received comparatively little. Those who moved out were paid on the average \$4,500 to \$5,000 for their property. In addition, some relocation aid up to \$400 was paid. Those who stayed on received approximately twice as much as in some instances even more.

It is my firm belief we should restore the faith of the 195 families in fair and equitable treatment at the hands of their government. We could do this by making retroactive to the start of this project higher benefits afforded under the Uniform Relocation Assistance Act. These people then would all receive the same consideration.

I am informed the Corps of Engineers Land Acquisition officials of the Albuquerque District Office and the district engineer as well, agree with the purposes for which I appear here today, as a necessary means of keeping faith with these people.

It is my belief no issue is too small for us to consider when good faith and equitable treatment at the hands of the government are at stake. In this instance the sum is not high, but even when divided and reduced by administrative costs, will have great meaning to people all over this nation who have found themselves in a situation similar to the former residents of Sopris, Colorado.

I urge this committee to carefully consider this matter and to take action on the amendments you are now considering to ensure equitable treatment for all the people of Sopris.

Mr. EVANS. Thank you, Mr. Chairman.

This is something different from the problem that was just brought to the committee's attention by Mr. Peyser. The problem I'm talking about I am sure is not unique to my district or a problem that's occurring for the first time, and because of my uncertainty as to how to solve the problem fairly in relation to all people who may be in a similar circumstance throughout the United States, I have not drafted an amendment to the Relocation Assistance Act, but would commend the problem to the attention of the committee in the hopes that satisfactory language might be drawn to correct this inequity that I think has occurred.

The example I would bring to the attention of the committee is that of the small community of Sopris, Colo., a community which had to be cleared out and abandoned, all the properties taken from the homeowners, for in the future it would be inundated by a lake to be formed behind a dam that was being constructed to protect the city of Trinidad, Colo., from floods.

Sopris is an old city; it's a small city. It was populated mostly by retired people, retired coal miners, people living on social security, people of extremely modest incomes.

In many instances agreement was reached in regard to the value of the property of these homes, and in some instances considerable argument occurred back and forth in regard to the property values. Most of the people settled under the old law. Many people didn't. They felt very strongly that they were not being given appropriate value for the taking of their homes. And while these cases of disagreement continued, the Uniform Relocation Assistance Act was passed and became effective. Those who had held off from entering into an agreement with the Government in relation to the value of their properties suddenly found themselves able to get increased benefits under the new act.

So what we have in regard to this one small community is that a majority of the citizens settled under the old act and a few who settled under the new act. Those settling under the new act received much more benefits.

Now, I feel strongly that all people in the community of Sopris should receive the same equitable treatment from the Government. However, that's impossible under present circumstances for some settled under the old law and some settled under the new law.

There aren't too many people involved. I think there are some 20 families. I don't believe the total amount of money involved is great. I think there's an estimate somewhere in the neighborhood of \$1,400,000, including the administration of the new claims if they were to be allowed under the new act.

But it seems to me that it's only fair and equitable and just for those people within one community whose homes are all being taken away from them for the purpose of providing a space for a lake behind a dam for flood control purposes should be entitled to receive benefits under the new act, since they are in the same project, the same city.

It is for this purpose I would request the committee to give serious attention to an adjustment in the act to provide that the taking or con-

demnations of private property that were underway at the time of the passage of the Relocation Act be allowed to be settled under the new Relocation Act, instead of part under the old and part under the new act.

I don't know how many instances may exist throughout the United States that are similar to this. I have no idea, Mr. Chairman. But I would believe it wouldn't be too much trouble on the part of the departments to locate those projects that were in existence, where properties were being condemned, and a fair and equitable provision be written into the act to allow a uniform settlement of all these claims under the new act if those projects were in existence and the properties were being taken at the time of the effective date of the passage of the Uniform Relocation Assistance Act of 1971.

If the committee has any questions, I would be happy to try to answer them.

Mr. JOHNSON. Thank you for your summary of your statement.

I read through your statement here, and certainly your summary explains it very well. I believe you testified last year along these same lines, when this was up before us.

Mr. EVANS. Yes, sir.

Mr. JOHNSON. The taking of property by the Federal agencies throughout the United States is certainly not uniform, and that was the purpose of the Relocation Act, to make it uniform and make it comply to all of the agencies of the Federal Government.

I well recall the acquisition of properties for various types of Federal installations, and those who settled with their negotiators early in some of the acquisition programs certainly were not treated as well as some of those who held out and went to court.

They thought it very unfair and we tried to bring the Relocation Act into uniformity. As you state, the old act and the new act treated people on the same project differently than those who settled under the old act, who were given their just consideration, and yet those who held out and settled under the new act were treated more favorably. And you are now asking us to put a provision in the act to take care of those who were dealt with under the old act on the same project.

Mr. EVANS. That's correct, sir.

Mr. JOHNSON. The gentleman from New Hampshire.

Mr. CLEVELAND. I compliment the gentleman from Colorado on a very moving statement on behalf of some constituents who certainly have a complaint against the Federal Government. Whether we can work out any relief, I don't know. I am sure he recognizes the fact that if we did it for his constituents, we would have to do it for other people. Administratively, this might prove fairly difficult.

By the way, how far back would we have to go?

Mr. EVANS. Mr. Cleveland, I think we would be going back, in relation to these 20-some families—I think it was 1970 when these properties were being acquired. They were in the process of being acquired when the effective date of this act took place.

I am not familiar with the date, offhand, but that would give you almost the exact moment in time.

Mr. CLEVELAND. I suppose if we had the wisdom of hindsight, which we never have, we could have worked into the original legislation provisions to take such projects into account. I think that's something

the committee didn't think about, or at least if we did, we discarded the idea.

Mr. EVANS. Mr. Cleveland, I was worried about the very point you bring up, and that is the administrative problem of going back and attempting to reassess those cases which would be included if an amendment were made to the act. We have been informed, at least in relation to the case of Sopris, that it would not be too difficult. We know there aren't too many people, and the questions of value are not great. The administrative costs would be very small in comparison to the benefits that would be received.

Mr. CLEVELAND. The gentleman, of course, is aware of the scope of our relocation assistance, that it is far wider, including highways and many other types of programs.

I have no further questions.

Mr. JOHNSON. The gentleman from Texas, Mr. Roberts.

Mr. ROBERTS. Thank you, Mr. Chairman.

I think the gentleman made some excellent points. I don't see how it can be achieved, but I agree, there is equity in what he is talking about.

Every highway that has been under construction in the United States during this period of time would be involved; every person relocated—at least 320 major reservoirs—so I guess it always happens any time you have a date and time thing, that somebody always gets hurt.

I compliment the gentleman in trying to take care of his people, and I think he has equity on his side. But I don't see how you can do it.

Mr. EVANS. Mr. Roberts, I concede there is a problem larger than just simply the question of the citizens of Sopris. But when people in this country look at the Congress and the executive branch in administering laws, particularly under circumstances such as this, where you have a project in a small community, with a law that's changing the manner in which the government is going to compensate people for the taking of property from them, the feelings are not very good in the community in relation to the fairness of the government if they see on the one hand a large number of them being treated in one fashion under the old law, and a few of them being treated more beneficially under the provisions of the new law.

Now, as was said by Mr. Cleveland, I suppose hindsight is wonderful and had we had the hindsight at that time it may well have been possible to put into the law, at the time it became effective, a provision that would have covered the very circumstance we're speaking about today, not only in regard to Sopris but similar situations throughout the country.

Had such been done, this equitable view of how people should be treated undoubtedly would have cost the Federal Government much more money, but it would have been an equitable treating of people in the same place, the same circumstance, under the same situation, in a fair and proper manner.

Now, true, it's going to be a little more difficult to back up and try and do now that which hindsight might tell us we should have done a few years ago. But I think in fairness and in equity, it would be an undertaking very worthwhile for this Congress to give serious thought to.

Mr. JOHNSON. Mr. Hanrahan?

Mr. HANRAHAN. No questions.

Mr. JOHNSON. Mr. Anderson?

Mr. ANDERSON. No.

Mr. JOHNSON. Mr. Zion?

Mr. ZION. No questions.

Mr. JOHNSON. Mr. Mizell?

Mr. MIZELL. No.

Mr. JOHNSON. Mr. Shuster?

Mr. SHUSTER. No.

Mr. JOHNSON. Mrs. Burke?

Mrs. BURKE. No questions.

Mr. JOHNSON. We want to thank you, Congressman Evans, for coming here and pointing up your problems. Again, I am sure the committee will give due consideration to your remarks and statement.

As you testified last year, you figured we just couldn't open up all of the past, as far as land acquisitions and treatment for relocation as it related to the many Federal agencies who were involved. We made some inroads, and we're improving in the relocation area, and we hope to do it again. But how far back we can go to give consideration, it will have to be the consensus of opinion of the committee again, as it was the last time.

Mr. EVANS. I understand, Mr. Chairman, and I appreciate your allowing me to come forward.

Mr. JOHNSON. We're glad to have you.

I have received a statement from Representative G. William Whitehurst from the State of Virginia. I offer this statement for the record.
[Statement referred to follows:]

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF VIRGINIA

Mr. Chairman, thank you for giving me the opportunity to testify on amending the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (PL 91-646) for the purpose of providing financial relief to our nation's cities.

As I testified last year, 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.

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 PL 91-646), a tenant could have received up to \$1000 to relocate, plus \$200 moving expenses. A single family home owner could have received up to \$5000 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 PL 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 \$4000, 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 of more than \$300,000,000 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. It appears to me that to allow the matching provisions of 91-646 to continue 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 HR 2928. 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 \$1000 provided for rental relocation payment [as in Subsection (c) (2) of Section 114 of the Housing Act of 1949 as amended] and the first \$5000 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 government 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 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 will soon be 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.

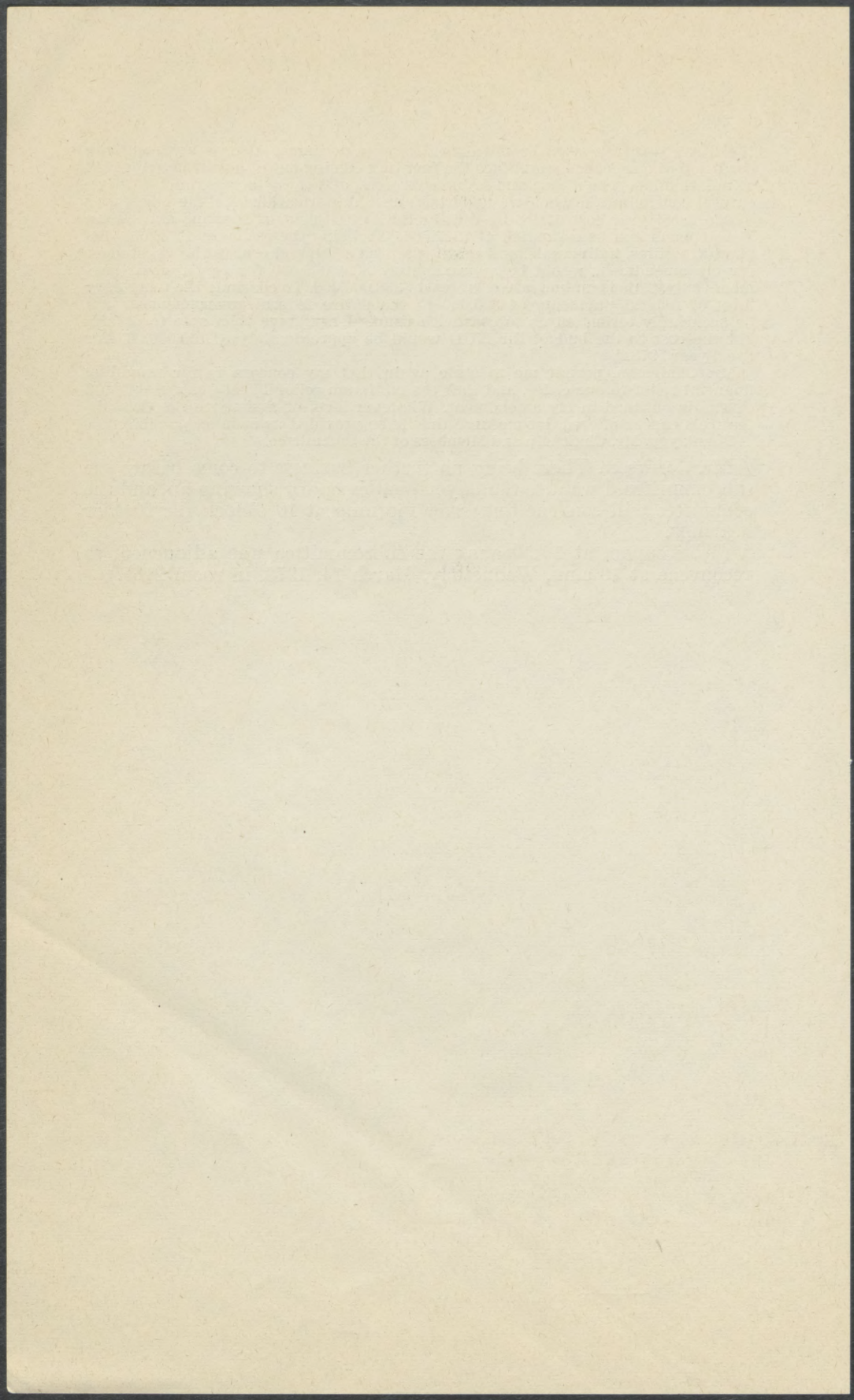
The fiscal year cost of PL 91-646 for the Department of Housing and Urban Development can be estimated at \$312,000,000. Using the estimate of 75,000 displaced families, individuals, and businesses, the estimated cost to the US Budget for my amendment would be approximately \$650,000,000 for replacement payments only. This is an increase of at least \$338,000,000. 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 \$1,100,000,000 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 as soon as possible.

Thank you, Mr. Chairman and Members of the Committee.

Mr. JOHNSON. There being no further business to come before the subcommittee, I want to thank you gentlemen for showing up, and the committee will convene tomorrow morning at 10 o'clock for further hearings.

(Whereupon, at 10:50 a.m., the subcommittee was adjourned, to reconvene at 10 a.m., Wednesday, March 14, 1973, in room 2167.)



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

WEDNESDAY, MARCH 14, 1973

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

The subcommittee met, pursuant to adjournment, at 10:05 a.m., in room 2167, Rayburn House Office Building, Hon. James C. Cleveland presiding.

Mr. CLEVELAND. The subcommittee will come to order.

We are holding hearings on H.R. 5020 and other related bills.

The first witness this morning will be Mr. Charles M. Hill, secretary, Department of Local Affairs and Development of Wisconsin.

Mr. LINCOLN. Mr. Chairman, Mr. Hill will be here momentarily. My name is Richard Lincoln and I am a special assistant with the staff of the National Governors' Conference. I will be accompanying Mr. Hill, who will be providing the main testimony.

Mr. CLEVELAND. Do you have a statement, Mr. Lincoln?

Mr. LINCOLN. Mr. Hill has a statement, which I believe the subcommittee staff has distributed.

[Mr. Hill entering hearing room.]

Mr. CLEVELAND. You may proceed, Mr. Hill.

**STATEMENT OF CHARLES M. HILL, SR., SECRETARY, WISCONSIN
DEPARTMENT OF LOCAL AFFAIRS AND DEVELOPMENT, APPEAR-
ING IN BEHALF OF THE NATIONAL GOVERNORS' CONFERENCE;
ACCOMPANIED BY RICHARD W. LINCOLN, STAFF ASSISTANT,
NATIONAL GOVERNORS' CONFERENCE**

Mr. HILL. Thank you, Mr. Chairman.

My name is Charles Hill. I am the secretary of the Department of Local Affairs and Development for the State of Wisconsin. I am appearing here in behalf of the National Governors' Conference. As you know, Mr. Lincoln is special assistant to the Governors' conference, and he's here with me.

Mr. Chairman, I would like to express my appreciation for the opportunity to appear in behalf of Gov. Patrick Lucey and the National Governors' Conference.

I am speaking in support of amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 being considered by this subcommittee.

Now, as you are probably aware, the Nation's Governors adopted a policy supporting an amendment to this act, to delete all cutoff dates for the Federal funding of the first \$25,000 of relocation expenses.

You will recall that during the second session of the 92d Congress the Senate passed legislation amending the act, as requested by the Governors. I understand that a House-Senate conference committee, as a compromise, agreed to a 4-year extension, that is, to June 30, 1976, on the 100 percent Federal financing provision, but that the agreed-upon compromise did not receive final action.

Now, in the 93d Congress the Senate has responded by approving S. 261, which incorporates this extension to June 30, 1976, for 100 percent Federal financing for the first \$25,000 of relocation cost.

H.R. 3271, which is now before you, has our full support. We therefore urge favorable consideration of this measure, and speedy enactment by the Congress.

When the Uniform Relocation Act of 1970, Public Law 91-646, was passed, the State of Wisconsin moved quickly to comply with the law by adopting its own comprehensive relocation law. It eliminated the differences and inequity in treatment for persons, families, and businesses, who on the one hand were displaced by federally assisted urban renewal projects and received maximum assistance and benefits, as opposed to those displaced by a public utility or local street improvement with limited benefits.

Now all those displaced by public projects in Wisconsin have the right to the same services and benefits regardless of the type of public improvement or displacing agency.

This responsibility was placed in the department which I direct, the Department of Local Affairs and Development. The relocation section has the responsibility for approving all relocation plans within the State. These plans must be submitted by all public agencies and private agencies with condemnation powers in proposing an acquisition involving displacement.

The staff operation is totally supported by State funds which are granted by the legislature; being concerned with fair treatment, just compensation, and sufficient relocation resources, our staff has reviewed 124 plans, approved 92, and suspended 3 in fiscal year 1972.

I have personally been associated with relocation activities for 9 years, initially as a field representative for the Federal Department of Housing and Urban Development, and then for the city of Madison, Wis., and now for the State of Wisconsin.

We welcome the passage of this Uniform Relocation Act and are working to see that it is effectively implemented. However, we are concerned that the burden of providing one-fourth to one-third of the cost of relocation payments has placed an undue financial burden on State and local units of government.

The administration's proposed fiscal year 1974 budget has already resulted in estimated cuts in aid of \$70 million for Wisconsin's State government. We have not yet calculated the fiscal impact the administration's budget would have on our more than 1,800 local units of government in Wisconsin.

By passing a major portion of the cost of an expensive, though desirable and necessary, Federal requirement 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 desirable public improvements, such as highway, sewers, pollution control facilities, hospitals, and housing projects for lower income families and the elderly, may simply never be built at all because of added cost of a comprehensive and humane relocation program.

While the supply of Federal dollars is not unlimited, shifting much of the financial burden to State and local governments may well result in badly needed public improvements either being curtailed or even abandoned, because these State and local governments simply cannot afford the added cost.

Prior to the passage of the Uniform Relocation Act of 1970, a number of Federal programs paid 100 percent of the cost of relocation benefits and payments, specifically urban renewal, open space, and concentrated code enforcement activities just to mention a few.

We are now passing part of this burden on to our State and local units of government. It seems to me, Mr. Chairman, that this is revenue sharing in reverse.

In conclusion, Mr. Chairman, we are strong supporters of equitable and fair treatment for all displaced by public action. We support the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Now we are asking you to lift this onerous financial burden from the States and their local units of government by accepting the fiscal responsibility that is the result of a Federal mandate.

Again I would like to thank you for the opportunity to appear before you, and express the support of the National Governors' Conference and Governor Lucey for the proposed amendments included in H.R. 3271.

Mr. Lincoln and I would be happy to answer any questions that you might have.

Mr. ROE [presiding]. Thank you, Mr. Hill.

Let me ask you this: From your experience, in view of the change-over in July of the so-called "revenue sharing in reverse," from your observation, what effect has the relocation problem been up against in your State? Has it slowed programs down, has it delayed things?

Mr. HILL. Most of these things were programed, but those that are participating are going to be slowed down unless there are additional moneys, such as the 100-percent relocation cost, forthcoming. We have not had a chance to fully assess the impact of these cuts in the Federal administration. In fact, I testified before the Joint Finance Committee of our own legislature yesterday to speak to that impact at the local level as it relates to community development in our department's activities.

We calculate that to be about \$234 million.

Mr. ROE. I noted in your testimony that you indicated your State has really moved ahead and has set up, in effect, a State-funded, State-sponsored, uniform relocation office in the State, which I think is a great step forward.

One of the things that always bothered me about relocation, when the proliferation of Federal projects is involved, is where do the local officials go to get the job done.

Do you find that for the period you've been working at this, with a centralized office in your own State, I mean it's a one-stop situation as I see it, that this has helped to expedite—

Mr. HILL. Mr. Chairman, we find this to be very workable. I might add, though, that each displacing agency still must carry on its relocation activities and must carry out the disbursement of payments. What we are is an overall review agency and we must review and approve all plans. We have expedited them to the point where a decent relocation plan can be reviewed and approved within 30 days. And our close coordination with Federal agencies, such as the Department of Housing and Urban Development and the Department of Transportation, has allowed for us to be, in effect, the first reviewer. We can work out any discrepancies or problems with the Federal agencies prior to giving our approval.

Mr. ROE. Does your State agency have a preferential position as far as the other agencies in the State are concerned—like the transportation department, your community affairs department? They all have their own function, so to speak, but you become the reviewer, the focal expediting point, I would think.

Mr. HILL. Yes. I guess a good example would be the Milwaukee metropolitan area, where both the city of Milwaukee displaces people, the county of Milwaukee, and the Milwaukee County Expressway Commission as an agent in the Department of Transportation. There we would have suspended projects for freeway construction until sufficient relocation resources have been accomplished.

What this situation led to was a meeting between three chief executives, the Governor, the county executive, and the mayor, who all agreed to replace housing on a 1-for-1 basis, and then further agreed to replace those units already demolished for any new freeway construction in the city of Milwaukee.

Mr. ROE. Aren't we saying the Uniform Relocation Act becomes a very critical act as far as the expediting of any federally supported programs, whether it be highways—or I'm thinking of the model cities program—or wherever there is a Federal input of money? In other words, if we can't move the people, we can't get the job done?

Mr. HILL. That's correct. We're beginning to look at the comprehensive nature of displacement activities and development and redevelopment.

Mr. ROE. Wouldn't it be fair to say this, with the constant increase in the cost of construction—in some States increases run as high as 16 and 17 percent a year—with the cost of land acquisition and the time involved, that the amount of input we may be putting in relocation dollars, if that expedites the programs, that, in effect, we are reducing the cost of the capital construction?

If there's an inordinate delay because we can't move people out due to condemnation proceedings and so forth, or better still, we have no place to put them, then the project has got to be delayed.

Mr. HILL. That's correct.

Mr. ROE. So what I'm trying to do is to interrelate the investment in human needs of relocation to the dollar savings in the cost of the project through the results achieved in expediting the capital construction of roads or rebuilding of a city and so forth.

Is that a fair commentary?

Mr. HILL. There is no question about it, Mr. Chairman.

And we have found not only these construction costs—for example, the cost of lumber—but those delays have just delayed im-

provements astronomically. The cost is astronomical. So by being able to immediately provide sufficient payments and assistance for these needed projects, it has probably reduced the cost overall and has still led to humane and equitable treatment of those who were displaced.

Mr. ROE. One of the key problems that I think we're faced with is the intent to extend this act for a 4-year period. Some people come back and say, "Why do you have to extend it for a 4-year period? Why not do it for a lesser period of time? Why don't we extend it for 2 years?" The merit of the case demands that we consider this viewpoint.

Do you have any thoughts on that?

Mr. HILL. As you know, the policy of the Governors is to have no cutoff date—

Mr. ROE. I know.

Mr. HILL [continuing]. And we would support that strongly. I would suspect—and it's my opinion—that whatever compromise we have to live with, we will.

I would say the 1976 date, the Senate version, is at least something tangible and something we would support at this time.

Mr. ROE. I would like to get something a little more substantive than this point of view.

We had testimony here the other day from General Clarke, for example, who, as you know, heads up the Corps of Engineers and we were talking about flood control and water resources programs, primarily. It was interesting to note during his testimony that by the time a project went through all the different procedures of local cooperation, State and Federal approvals and finally through the Congress, there was something like 18 years before a project could proceed. So whether we talk about 2 years or 4 years, it should relate to something.

It seems to me that if it takes this long to develop the program, the engineering and the design, et cetera, and then the funding operation and passage and approval of our Congress ad infinitum, that 4 years is not unreasonable.

It also seems to me, taking my own district, for example, and the city of Paterson, we just don't have any housing to move people into; it isn't there. So in order to proceed with a housing program, it can take us 2 or 3 years at best to be able to get through the development stages. So 4 years is reasonable at this juncture, based upon the merits and the facts of the case, rather than a point of just being arbitrary. That's the point I'm trying to make.

Mr. Lincoln, do you want to comment?

Mr. LINCOLN. Yes, Mr. Chairman, if I may.

I would fully agree with the points that you have just made. It really seems to me that, from the point of view of the State government, and I believe from the point of view of local governments as well—though I certainly don't presume to speak for the mayors—that at least a 4-year period is called for. I think you find both at the State and local levels, and indeed, at the Federal level, the budgetary decisions and capital improvement programs and so on, are designed and planned for and contracted for, in effect, over a fairly extended period of time.

I suspect that the 18-year period that you alluded to, that was mentioned by General Clarke, is perhaps an extreme, but I think capital budgets probably tend to run on a 2- to 5-year basis.

In addition to that—

Mr. ROE. If I may interrupt—and this may be helpful to my colleagues—but where we have bond issues involved, which are not programmed—I'm thinking of the open-space land acquisition program in our respective States. In New York—this is a project that is designed to last 5 or 6 years; it can't be done any quicker. Do you see what I'm trying to get at?

So if an agency is responsible for acquiring and preserving open space in the State, they just can't do this in 1 or 2 years. It takes at least 5 to 6 just for the legal requirements alone. So there is magic to pin a date of reasonable time to be able to achieve the goal we're talking about.

Mr. LINCOLN. Again I will agree with your observations, Mr. Chairman. One further point I would make, particularly insofar as the activities of State government are concerned, either directly in capital acquisition activities, or indirectly through the enactment of enabling legislation.

A good many State budgets are biannual. That is to say, they cover a 2-year period as opposed to a single-year period. Second, and perhaps equally or more important, the State legislatures themselves meet only once for a brief period of time every couple of years. I think this problem is probably well known to the committee, in that there are several States which even at this late date have not passed altogether adequate enabling legislation for the original 1970 act. So I think that again emphasizes the point.

Mr. ROE. Building on your point there, and looking over the gamut of running a State government and its related political subdivisions, we also would be talking about interstate compacts.

For example, the States of New Jersey, New York, Pennsylvania, and Delaware are under a Federal compact, if you like, for the building of the water resources, hopefully, at Tocks Island, so they are independent of their State legislatures' actions, et cetera. It takes longer to get a project of that nature done.

Mr. LINCOLN. The interstate nature of certain kinds of relocation activities simply complicates the problem more, Mr. Chairman—not to an insurmountable degree, I think—but one which I think requires a reasonable sort of leadtime period.

Mr. ROE. Getting back to the point I'm trying to bring into focus, which we're all talking around, is that when we're talking about a reasonable length of time, not arbitrarily, not capriciously, not just pulled out of the air, that a 4-year period of time is not unreasonable by any stretch of the imagination.

Mr. LINCOLN. I would certainly think not, Mr. Chairman.

Mr. ROE. Thank you, gentlemen.

Any questions on the left—Mr. Shuster from Pennsylvania.

Mr. SHUSTER. Mr. Hill, do you have any idea as to what portion of the total project costs generally are relocation costs?

Mr. HILL. It varies from project to project, depending on whether it is, for example, a business project that's being displaced, a farm, or

individual home. Then we get to the question of, in many cases, of the length of the moves and—

Mr. SHUSTER. We had some recent testimony that relocation cost makeup is very small in proportion to the total project cost, by Mr. Hubbard, who I believe is going to be testifying in front of this subcommittee.

If that's the case, then I wonder if this is such a big deal. I'm wondering how significant it is.

Mr. HILL. It is rather significant, primarily because the State and local units of government have limited taxing powers, and where the burden must come back on the property tax, it makes the costs rather prohibitive, as opposed to a better source of revenue raising, such as the Federal Government itself.

Mr. SHUSTER. Do your Governors favor a Federal tax increase, if necessary, to pay for this?

Mr. HILL. I cannot speak for the Governors from that standpoint, but I can say personally I would probably favor redirected priorities within the existing budget, perhaps to even reduce some of the defense spending and put it into the relocation budget.

Mr. SHUSTER. Thank you.

I have no further questions, Mr. Chairman.

Mr. ROE. Thank you, Mr. Shuster.

If I may just extend a bit on my colleague's question on the point that there has not been enough experience—I'm thinking of the provisions of the highway bill, for example, where a Federal project is going to be built through an urban center if adequate housing is not available, then in that instance you could require the Transportation Department to build that housing, so there is really no experience and we really don't know the impact.

Of course, there is a report in the Senate, where they refer to costs [examining document] on the HUD program alone, and they're talking about an estimation of about \$95 million, or one-quarter of the estimated cost of those capital improvements.

The point I'm trying to stress is that there is not enough experience that I am knowledgeable of wherein the full impact of the relocation section of the transportation bill and the Uniform Relocation Act covering the whole aspect of the project has really come into play, because nobody is really doing anything substantively in that field yet. In other words, we don't know the impact upon transportation—and I am thinking about the trust fund, et cetera—and the cost of building a highway through an urban center under these new rules.

Mr. HILL. I would agree, that's a fair statement.

Mr. ROE. Ms. Abzug, any questions?

Ms. ABZUG. I will have to read the gentleman's testimony, since I came in after he testified.

Mr. ROE. Very fine. Thank you very much.

If there are no other questions, we thank you very much for your substantive testimony and, of course, we'll take it into consideration.

Mr. HILL. Thank you very much.

Mr. ROE. If I may, ladies and gentlemen, in deference to my colleague, Ms. Abzug, who is on two different committee hearings this morning, we would like to present out of the order on the agenda, if

you like, the commissioner of relocation and managerial services in New York City, Mr. Juan Villanueva.

Ms. Abzug?

Ms. ABZUG. Thank you very much.

I would like to introduce to you Mr. Juan Villanueva, who is the commissioner of the department of relocation and managerial services in New York. He previously served as director of development in the South Bronx Community Housing Corporation, as director of the Bronx Local Area Planning Commission, as project manager of the New York State Urban Development Corporation, program director for Catholic Charities, and as counsel for Job Orientation in the Neighborhood, known as JOIN.

Mr. Villanueva is a resident of Brooklyn. He was born in Puerto Rico, is a graduate of Southeastern Louisiana College, has done graduate work in urban planning and has made a very important contribution to our relocation problems in New York City.

I look forward to his testimony on the very important bill pending before this committee. Mr. Villanueva.

Mr. ROE. Thank you, Ms. Abzug.

We wish to welcome you here today. We are knowledgeable of your extraordinary credentials and background and the good work you're doing.

STATEMENT OF JUAN VILLANUEVA, COMMISSIONER OF THE DEPARTMENT OF RELOCATION AND MANAGEMENT SERVICES OF THE CITY OF NEW YORK, NEW YORK CITY HOUSING AND DEVELOPMENT ADMINISTRATION; ACCOMPANIED BY DAVID M. MUCHNICK, SPECIAL ASSISTANT TO THE ADMINISTRATOR

Mr. VILLANUEVA. Mr. Chairman and members of the subcommittee: My name is Juan Villanueva, commissioner of the department of relocation and management services for the New York City Housing and Development Administration.

To my right is David Muchnick, who is special assistant to the administrator of the housing and development administration.

My department was established first in 1962, and it has achieved major successes in relocating thousands of families into better housing, despite a persistent housing shortage and low vacancy rate.

New York City's relocation problems are not unique. Rather, they are simply on a larger scale than those in other cities, and demand a more sophisticated and sensitive response.

In addition to administering relocation under the federally assisted urban renewal program, with which you are all familiar, my department is responsible also for relocating families and businesses displaced by public improvement projects, city-assisted urban renewal programs, highway construction, and emergency situations such as fires and other catastrophes.

The department is also responsible for the management of condemned properties and of approximately 100 publicly aided housing developments constructed under the city's so-called Mitchell-Lama program, which subsidizes middle-income construction. Besides relying upon the usual resources for rehousing families, the department operates its own leasing program, similar to the one for public housing,

and it currently has about a thousand units under lease with private landlords in the city. It has also initiated a finder's fee program to encourage private landlords to make vacancies available to relocated families.

I am here before you today to express my strong support for speedy enactment of H.R. 3271, a bill similar to S. 261 passed by the Senate on February 2 of this year. I would like to direct my remarks to two parts of the bill.

First, the amendments to sections 207 and 211 of the 1970 Uniform Act will continue full Federal funding from July of 1972 to July 1976 of the first \$25,000 of the costs incurred in relocating persons displaced by federally assisted programs. These amendments are imperative to relieve communities across the Nation of a very strong financial burden and to help revitalize our cities.

If the present provisions of the Uniform Relocation Act are left intact, New York City will be required to allocate just under \$6 million solely to meet its share of the relocation costs for federally assisted urban renewal areas in fiscal year 1973. This represents the city's one-third share of the total costs of providing relocation benefits to over 3,000 families and over 300 businesses.

In addition, negotiations are currently underway between HUD and New York City's Model Cities Administration over responsibilities for relocation costs from public housing and public improvement sites in model cities areas. I need not describe the various issues involved. Suffice it to say that, if the issues are resolved in the city's favor, but the amendments we are now discussing are not enacted, the city will still be obligated to allocate approximately \$1.6 million more for these particular relocation costs.

At a time when all local budgets are strained to the limit, the imposition of such additional burdens is punitive. Indeed, from the time that the 1970 Uniform Relocation Assistance and Real Property Acquisition Policies Act was passed, there has been broad bipartisan feeling in Congress that it should be amended—either to continue the old system of full Federal funding, or at least to continue it for awhile past the July 1, 1972 date when local contributions were scheduled to start.

The Senate passed an amendment in the spring of 1972 continuing a full Federal share, and shortly afterward a House bill proposed continuation of the old system, but both bills perished in the waning days of the last Congress.

Why should the Federal Government retain this financial obligation? Because if localities are forced to assume it, they will have to reduce the amount of the much-needed community improvement they can undertake. But we must continue to initiate new community renewal and improvement efforts if we are to make any more progress toward solving our urban renewal problems.

Let me say that our urban renewal problems have not disappeared. The President may declare that the "urban crisis" has passed, but in New York City and other urban communities many problems still remain. In fact, just as we have started to realize the benefits of earlier programs, and to develop new ones that can better deal with both persistent and emerging problems, a halt is being called that will bring our past efforts to naught.

Many critics of these amendments may claim that the financial burdens incurred by localities under the present provisions of the Uniform Relocation Act will be relieved when community development special revenue sharing is enacted. Let me remind you, however, that the enactment of this proposed block grant is not yet certain, and even if passed, it is not intended to be a reality until July 1974.

What is a reality today, however, is the financial burden now placed upon my city and other localities by the current provisions of the 1970 act. This burden threatens the relocation aspects of our urban renewal and other federally assisted programs. Hence, it threatens the continuous process of urban rebuilding by weakening a critical link in the chain.

Therefore, I urge you to take favorable action on these amendments immediately so that our Nation's cities can deal constructively with the problems of today.

Second, and in conclusion, I should like to express my chagrin concerning section 223(b) of H.R. 3271. This section requires the head of a Federal agency to furnish relocation payments and assistance to persons displaced by projects funded by his agency but undertaken by private agencies or persons.

The intent of this provision is laudable, as it furnishes relocation assistance to a group of displacees who have been without adequate aid until now. But the bill is silent on the vital question of how the provision is to be funded.

If relocation payments were added to the project costs under section 235(j), section 236, or rent supplements, the result would be to raise the rents beyond the ability of many families to pay. Fortunately, section 223(b) does not seem to propose this, but neither does it propose anything else. As a result, we must conclude that the relocation payments proposed are expected to come from the amounts appropriated annually for these housing subsidy programs.

Unless Congress can appropriate additional funds to meet this added drain, the inevitable outcome will be a reduction in the number of subsidized units that can be built under the programs. In other words, we will again be in our frequent position of "robbing Peter to pay Paul".

I thank you for the opportunity to appear here today before the subcommittee.

Mr. ROE. Thank you for your fine presentation.

Are there any questions on my right? Ms. Abzug.

Ms. ABZUG. Mr. Villanueva, I know we had some legislative actions pending in Congress on bills, on the Senate side and on this side to extend the time limit for cost sharing of relocation costs, and that many local governments had various expectations in being able to continue all kinds of projects relying on continuing Federal assistance.

Would you say that that was your approach in New York at the time, and that there was reliance on continuing Federal financial assistance?

Mr. VILLANUEVA. Yes. As the chairman mentioned before, most of our programs were not 1- and 2-year programs, but generally spanned the course of 6 to 8 years. We were programing and budgeting our very limited allocations in anticipation of continuing with the full Federal share in the relocation program.

As you probably know, we have taken steps in New York City because of the Uniform Relocation Act to enact our own comparable relocation program within the city for city-assisted programs. This is also costly; it is an added burden on the capital moneys of the city, but it is something that we felt, as the responsible agency, we had to do because of the inequities in previous payments.

Ms. ABZUG. Do you feel that unless this bill is enacted, all of the assisted activities, renewal, and relocation, would probably just have to stop?

Mr. VILLANUEVA. Very definitely. I mean we will have to put a screeching halt to many if not all our programs, all our Federal programs inside the city, because we will have a very difficult time in absorbing those costs.

The present relocation picture in New York is tough enough without having the additional burden of extra tax dollars thrown in.

Ms. ABZUG. Thank you.

Mr. ROE. Any questions on my left? Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman.

Are you suggesting in your testimony that you might be in a better position 4 years from now to pick up your share of this relocation expense, if we were able to extend this for another 4 years?

Mr. VILLANUEVA. Preferably we would like to see it unlimited, but we feel what we need now, given the present situation in our city, is a 4-year extension.

Mr. SHUSTER. Is there any reason to believe that with a 4-year extension you would be better able to pick up your share?

Mr. VILLANUEVA. Yes and no. As I said before, we would really like it unlimited—an unlimited extension. But we have been engaged in a very hard and widespread development program, and we have achieved a record year in New York for housing starts. Hence, we anticipate that perhaps our picture in the next 3 or 4 years will improve in terms of the amount of relocation that will be going on in the city. So perhaps we would be in a better situation to absorb the costs after that.

Mr. CLAUSEN. Would the gentleman yield?

Mr. SHUSTER. Yes.

Mr. CLAUSEN. When you say "expected to improve," would you elaborate on that? What kinds of programs do you have in mind that lead you to believe it will improve, and why do you make that statement?

Mr. VILLANUEVA. I'm just simply saying that in the last 3 years our relocation caseload has been the heaviest of any other periods in the city's history.

Mr. CLAUSEN. Why?

Mr. VILLANUEVA. Simply because we have not only federally assisted programs and public improvement programs, but we have already taken on a large task and have moved well over 30,000 people in the last 3½ years. We have had a very strong community development program in the city which must continue. We have to tie up the pieces during the next 2½ or 3 years.

I feel we definitely need this money at this time in order to be able to finish up the program that has already been planned in reliance upon Federal revenues and shared Federal-local responsibilities. I think that in the future we may not have so broad a program and that

more housing resources may be available. So, perhaps we can carry the cost a little bit better after 4 years.

Mr. CLAUSEN. If I might just ask one further question: What is your projected estimate of the need for relocation assistance in order to complete the programs you outline?

Mr. VILLANUEVA. In terms of dollars, the city's share, we would have to appropriate—

Mr. CLAUSEN. The total amount.

Mr. VILLANUEVA. Well, the total amount of dollars that we're talking about, if we consider the city-assisted programs, it would probably be in excess of \$16 million.

Mr. CLAUSEN. That would complete the total relocation assistance?

Mr. VILLANUEVA. No. I'm just talking about fiscal 1973, our current workload, and including all our city-assisted programs.

Mr. CLAUSEN. What I'm after is to get an idea of the dimension of the problem.

What are your projected estimates to finalize the total relocation assistance program, not in this fiscal year, but what's the total price tag?

Mr. VILLANUEVA. Our caseload has been dwindling down, and for next year we project about 2,500 families, plus—

Mr. CLAUSEN. I'm not asking about that. I'm just asking what is your total estimate for the projected program?

Mr. ROE. Will the gentleman yield on that question?

Mr. CLAUSEN. Yes.

Mr. ROE. What the committee is trying to do is put a dimension on your overall relocation assistance program. Relocation is not only involved in housing, per se; there are a whole host of federally assisted programs that are affected—highways, transportation, open space, housing, ad infinitum.

Are you prepared at this point, or would you rather submit a report to advise us as to your relocation needs for federally assisted programs. Are you in a position to say today before this committee that there are not any other Federal programs in your area of jurisdiction that will require relocation assistance and that's the beginning or the end of the relocation needs of the Federal-State relationship in your area.

Mr. VILLANUEVA. I would like to submit a report to the subcommittee, because I don't have the figures.

Mr. CLAUSEN. Well, that's what I would like to have if you don't know. All I wanted you to do was tell me so. We can then, of course, leave the record open.

But I would like to have it broken down by categories, in how much for housing, and with the balance to the city, if you could find out what their anticipated costs projected would be for relocation assistance that is now being considered in the legislation before us.

Mr. ROE. You will submit such a report?

Mr. VILLANUEVA. Yes, I will.

[The report follows:]

REPORT TO THE SUBCOMMITTEE ON TRANSPORTATION: RELOCATION ASSISTANCE COSTS FOR THE CITY OF NEW YORK UNDER H.R. 3271, AMENDMENTS TO THE UNIFORM RELOCATION ACT OF 1972 DURING FISCAL YEAR 1972 AND FISCAL YEAR 1976

The projected total cost for relocation assistance in New York City under the 1970 Uniform Relocation Act between fiscal years 1972-1976 is estimated to range between \$26.5 million and \$50.1 million. If the proposed amendments,

H.R. 3271, authorizing "full federal funding" are not enacted, the local share of these costs which New York City would be forced to bear would be between \$8.8 million and \$16.4 million. Of the total sum, federally-assisted urban renewal activities undertaken by the Housing and Development Administration may account for between \$19.7 and \$42.8 million; of the local share, between \$6.5 and \$14.3 million. Of the total sum, federally-assisted highways may account for between \$.8 and \$1.2 million; of the local share, between \$.08 and \$.12 million. Relocation for other federally-assisted projects accounts for about \$6.3 million of the total amount and about \$2.1 million of the local share.

The wide range of the projections is accounted for by the high degree of uncertainty now facing community development programs. The lower cost estimate is based on the rate of activity likely to be possible if New York City's urban renewal and NDP program levels are cut back as a result of the termination of the urban categorical programs and if there are no new acquisitions. The higher cost estimate is based on the locally planned rate of relocation activity at the current urban renewal and NDP program levels prior to cut-backs, including new acquisitions.

Also included in the estimate is relocation activity due to projects being administered by the Economic Development Administration and the Transportation Administration. This includes relocation due to industrial expansion, new commercial projects, and some highway construction. The exact route of the new West Side Highway has not been decided, with resulting uncertainty into the relocation cost estimates. Not included are city-assisted renewal, development, or highway activities.

Respectfully submitted.

JUAN VILLANUEVA,
Commissioner of Relocation.

Mr. ROE. Mr. Shuster?

Mr. SHUSTER. You said in your testimony, sir, that one of the reasons for meeting this is that you're faced with a time period when all local budgets are strained to the limit.

Do you feel the Federal Government's budget is strained to the limit?

Mr. VILLANUEVA. Well, you know—

Ms. ABZUG. Will the gentleman yield?

Mr. SHUSTER. Certainly.

Ms. ABZUG. I have some familiarity with the problems on which the gentlemen before us are testifying. We have provided a considerable amount of housing, and we're very concerned about the people in our city, relying upon certain programs, for example, which have been totally cut out without any consideration.

We have problems of transportation facilities which are going to create tremendous relocation problems up and down the West Side of New York, which I happen to represent.

There's no such thing as a "Government's budget". It's the people who pay taxes, and New York City happens to pay a lot of taxes to this Federal Government. It pays probably 10 percent of the total budget. I don't think any of you fellows realize that.

I just wanted to make that point clear, and the question should be: "How should we allocate the tax dollars of all the people in the country?" That really is the question. Do we give it to \$81 billion worth of missiles, or do we give it to relocate people who are pushed out of their houses because they happen to need slum clearance or they have to make way for unfortunate institutional expansion and so on. That is the question that we're all involved in debate on, as to where the money should be allocated and what are the priorities.

Their relocation program takes care of people for many reasons, concerning either progress or the development of certain needed

social facilities, or new housing, or an attempt to take people out of hovels and put them into housing, because the hovels they live in are not fit to be lived in in the year 1973.

Mr. SHUSTER. I infer from the gentlelady's statement that——

Ms. ABZUG. We feel there is a limited budget, but we think it is a question of where we put the budget as far as those of us from New York and many other areas in this country are concerned.

Mr. ROE. Thank you, Ms. Abzug.

Mr. Shuster?

Mr. SHUSTER. Do I infer from the gentlelady's statement that she then favors a ceiling on the budget, and simply——

Ms. ABZUG. I don't favor a ceiling on the budget by the unilateral fiat of President Nixon. That happens to be——

Mr. SHUSTER. By the Congress?

Ms. ABZUG. I favor our determining what the needs are in this country, and determining the kind of commitment of funds and reallocation of funds necessary to meet those needs.

Anyhow, I do think we're taking up the time of this committee needlessly on a subject which is somewhat germane—but, largely ungermane—to this particular discussion. [Laughter.]

Mr. ROE. Shall we return, ladies and gentlemen?

Mr. SHUSTER. I would return to the witness and ask him if he favors a Federal tax increase, if necessary, to provide these funds, given the choice between a Federal tax increase or no funds——

Mr. VILLANUEVA. I think the reallocation of spending priorities is more appropriate. We have a lot of programs that simply cannot—they don't deal specifically with relocation, but we have a lot of housing programs for which Federal dollars are simply a necessity.

Mr. SHUSTER. I am sure the witness is aware we have almost a \$450 billion national debt, and we are on the way to perhaps a \$35 billion deficit this year. And these young people sitting right here today are among the people who are going to have to pay that debt. The money isn't going to come out of the sky. In fact, the older people in this country are not going to be the people paying that debt, because they're not going to be around. It is the younger people of this country who are going to have to pay that national debt.

Ms. ABZUG. Will the gentleman yield?

Mr. SHUSTER. No, the gentleman will not yield.

Therefore, I think it is enormously significant that we face up to the fact that, as laudible as a program may be, that at the same time we want to pass that laudible program there are tax dollars involved and we're going to have to face up to tax increases if we're going to want to fund all these programs.

So, I, for one, don't believe I am going to be able to support this. Thank you very much, Mr. Chairman.

Mr. ROE. Thank you, Mr. Shuster.

I have just a few questions, sir. You are building upon a very important point that seems to have slipped away in the colloquy amongst my colleagues. The point was that there is a great gap or void we on this committee are not knowledgeable on and that is the reference to replacing a categorical aid program, if you like, at this point with a special revenue sharing formula.

We do not know—at least I don't know what that program is going to be all about. One doesn't just throw away the baby with the bath water. It would seem to me, before this committee can make an adroit decision short of extending this legislation, doesn't it seem reasonable that we ought to know what the special revenue sharing program and its effect upon relocation assistance is all about?

What would be your thought on that? You alluded to it in your testimony.

Mr. VILLANUEVA. You know, we feel the same way you do, Mr. Chairman. We don't know if and when the revenue sharing program is going to come. We do know that right now, today, we have a cost problem with our relocation program and we need Federal funds at least until 1976, when—we don't know what that program is—but perhaps it will be in effect and then hopefully maybe we can determine priorities and make the best of it.

However, even given the possibility that that program will be available, we simply need something to cover relocation costs now.

Mr. ROE. Aren't we saying that in the absence of anything else, we have an ongoing and viable program now on relocation assistance; we know it's working; we know it's not perfect, but there is nothing else to replace it unless we do what we're going to do now, or hope to?

Mr. VILLANUEVA. Yes.

We have in New York City some Federal urban renewal areas that go back 10 years. When we originally applied for these and they were approved by the Federal Government, we made certain plans and budgets and assumed that we were going to be able to carry these out to completion. We relied upon the good faith of the Federal agencies in approving these. Some of these things are now, in 1973, 8 or 10 years later, being jeopardized.

Mr. ROE. Ms. Abzug?

Ms. ABZUG. Isn't it a fact that—and perhaps you don't know it—that, indeed, the revenue sharing that was passed specifically eliminated relocation as part of the present effective bill, so that that, plus an uncertainty about any funding whatsoever, would actually create a potential of there being no funding at all for relocation?

In other words, our present revenue sharing provides no budgeting for the existing revenue sharing that was passed by the Congress last year, and eliminated relocation as part of the revenue sharing?

It is now suggested that perhaps the way in which you can get relocation assistance is from some revenue sharing which has not yet been enacted. As a matter of fact, there are Governors and mayors that have appeared before this committee that have indicated they were so unhappy with the existing revenue sharing, which they first thought was going to be important to them, because they never expected categorical grants to also be removed as a result, or deprived, which has happened, that they are very skeptical about any other kind of revenue sharing.

So that what I'm suggesting is that, as far as we in New York or any other place are concerned, we will not get relocation assistance from existing revenue sharing, and since there is no other revenue sharing right now we are totally dependent upon this kind of legislation in order to get assistance for revenue sharing.

Is that not your view?

Mr. VILLANUEVA. Yes.

Ms. ABZUG. I might like to point out also that we don't have to necessarily agree that there have to be tax increases, if we insist on the continuation of existing social programs. As a matter of fact, George Meany appeared before the Ways and Means Committee and discussed the tax program just last week, and he indicated that if we got rid of some of the tax allowances and subsidies and so on that big business was getting, we could put \$29 billion a year into the U.S. Treasury.

When we enacted the revenue sharing last year we were promised a tax reform. Now, tax reform does not necessarily mean that you have to have tax increases. You just have to see that you stop subsidizing people for their mistakes, like Lockheed and so on.

Mr. ROE. Any other questions, Ms. Abzug?

Ms. ABZUG. None by me, sir.

Mr. CLAUSEN. Ms. Abzug, there were no tax dollars to Lockheed. That was an underwriting program. There were no tax dollars involved in that.

Ms. ABZUG. It's a subsidy.

Mr. CLAUSEN. There's no subsidy.

Ms. ABZUG. The taxpayers pay for that subsidy.

Mr. CLAUSEN. That is not correct. There was no subsidy. It was nothing more than a Government underwriting program.

Ms. ABZUG. I understand. It's an allowance.

Mr. CLAUSEN. You know better than that.

Ms. ABZUG. I don't know any better. I only know what I know, Mr. Clausen. [Laughter.] The fact is that the taxpayers' money is on the line there, to the tune of \$250 million.

Mr. ROE. Mr. Baker?

Mr. BAKER. Mr. Villanueva, I doubt that I fully understand the complexities of your problem in assuming the responsibility of housing for people in a high density of urban population. I am concerned about some aspects of the obligation of taxpayers in general for relocation payments under certain conditions, and I would just like to have your attitude on the problems which are faced by relocation due to no action by the people being displaced.

We have private enterprises and private entrepreneurs buying large areas of land to develop for a profit, and then just displacing persons and asking the taxpayer to pick up the bill.

I hope you understand my query.

Mr. VILLANUEVA. In New York City most, if not all, of the developments underway are done under the auspices of local government offices. Nearly all the housing development that goes on is done on land that has been acquired under either Federal- or city-assisted urban renewal programs.

And because of that, I would say that about 90 percent of the relocation caused by new development comes under the guidance of our agency and is our responsibility. I personally am a pro-relocatee official, and I think my role is viewed that way by other development officials in the city. We have to take that stance because, due to the present high rental costs and low vacancy rates for new apartments and due to the loss of units from rent control's protection as the apartments become vacant, we have a hard time finding adequate housing.

We must watch out for the general relocatee.

Mr. BAKER. You haven't been associated with the situation where the private developers were acquiring land and persons within that area were being displaced and you had the responsibility of relocating them; is that correct?

Mr. VILLANUEVA. No, we have not although we have been tangentially involved. Some people from our agency have participated in public hearings that have been conducted by the city of New York on this specific issue because of private developers' making inquiries about rehab projects and because of numerous allegations therefore. There have been some investigations by the State attorney general into the matter of private relocation companies over which we have no jurisdiction.

Mr. BAKER. Do you have an opinion in this area as to whether relocation payments are justified out of the Treasury, or whether they should be assumed through some other manner, rather than at the taxpayers' expense?

Mr. VILLANUEVA. For public programs—

Mr. BAKER. I'm not talking about public programs. I am talking about private development.

Mr. VILLANUEVA. Specifically housing programs, no, I don't, because they would have to be attached to mortgage costs of a particular structure, and in New York City that's impossible.

Mr. BAKER. In an effort to relocate persons, how much choice do you give them as to where they will go when you find some quarters which you consider might be suitable—I know an individual generally likes to stay as close to home as possible, so how much latitude do you give them in relocating, as long as you assume responsibility for it?

Mr. VILLANUEVA. To give you some figures on last year's movings, approximately 25 percent of the people relocated from an area moved into that same general neighborhood. Approximately 50 percent of our total moved within the same borough where they resided before the public action.

So we think that generally we can accommodate people in the better housing, in the same kind of neighborhood, with very little upheaval of their general life patterns.

Mr. BAKER. Are there a significant number of instances where you are relieved of your responsibility due to the fact you have done all that you can do for them? You have located what you consider to be adequate facilities and they just don't want them, so you can take no further responsibility? Or how long do you stay with the problem?

Mr. VILLANUEVA. Under the new act, we are required to stay with the family for approximately 4 years. However, only about 10 percent of our caseload is what we term "unknown moves," or rescinded work orders, where a family chooses to—say a mother and daughter who have separate homes wish to move into one home and, you know, two cases become one.

So actually, we lose less than 10 percent of the caseload.

Mr. BAKER. What is your reaction to the propriety of making payments of a minimum of \$1,000 a year to individuals who are receiving rent payments under public assistance? Do you consider this to be a windfall, or do you think it is something to which the committee should direct its attention?

Mr. VILLANUEVA. No, I don't consider it a windfall, simply because for many years our relocation benefits were fantastically inadequate. Formerly, a property owner only received condemnation awards with no extra compensation. Those condemnation awards were not the kind of payment where one could go out and refinance a new structure, or even, another dwelling of similar use.

Most of our people receiving public assistance do move into public housing, and the grant is therefore reduced appropriately. There are some relocation benefits which they do not receive. They only get about 50 percent.

Mr. BAKER. I understand you're saying they get less than the minimum of \$1,000 a year if these conditions exist?

Mr. VILLANUEVA. Yes.

Mr. BAKER. Then the law should be specific, that, in fact, \$1,000 is not the minimum then; is that what you're saying?

Mr. VILLANUEVA. No, I—

Mr. BAKER. The law says the payment would be \$1,000 minimum, if I understand correctly the law we're here to extend. You know, this has been a bone of contention by the taxpayers, because they say this public assistance individual who is getting his rent paid is not entitled to additional payments if all we're going to do is provide for a place to live at public expense, and I'm inclined to agree with that.

Mr. ROE. Will the gentleman yield? I believe that figure was \$1,000 a year maximum for a 4-year period.

Mr. BAKER. That clarifies my understanding. Thank you, Mr. Chairman. That's all the questions I have, and I thank the gentleman for his testimony.

Mr. ROE. Thank you, Mr. Baker.

Mr. JOHNSON?

Mr. JOHNSON. You mentioned in your statement Mr. Villanueva, your negotiations with HUD in relation to the model cities program.

What has been your experience in the negotiations? Where is the model cities program as of now?

Mr. VILLANUEVA. This specifically refers to how the additional dollars in relocation costs incurred in the model cities area is allocated—whether to supplement funds or not.

Mr. JOHNSON. This involves—this has already taken place?

Mr. VILLANUEVA. Yes.

Mr. JOHNSON. What is the status of the model cities program now, as you see it, in dealing with HUD as you have been on these negotiations? What are the expectations for the model cities program?

Mr. VILLANUEVA. Well, we were hoping that the Federal Government would again, under its previous commitments to model cities, would pick up the additional relocation expenses in their own model cities funding, rather than to transfer the burden to the city. This coming year, that transfer would cost an additional \$1.6 million for us in our own budget.

Mr. JOHNSON. If they don't cover it, it would be the burden upon New York City?

Mr. VILLANUEVA. Right.

Mr. MUCHNICK. It is my understanding that New York City has received \$45 million in funding for model cities, for the fourth action

year. That compares with the 3 prior action years with \$65 million annually. At least for the fourth action year it is \$20 million less.

As to the specifics of the negotiations or the future of model cities, I can't speak.

Mr. JOHNSON. Thank you.

Mr. ROE. Thank you, Mr. Johnson.

If there are no other questions, we thank you very much for your testimony. It has been helpful.

Now we have with us a very distinguished colleague from the great State of Florida, Congressman Chappell, who has some gentlemen with him.

If you would be so kind, Congressman, to proceed in your own way.

STATEMENT OF HON. BILL CHAPPELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA; ACCOMPANIED BY JOHN D. ARRINGTON, JR., CHAIRMAN, URBAN RENEWAL AGENCY, CITY OF PALATKA, FLA.; FRANK S. CRABTREE, JR., EXECUTIVE DIRECTOR, PALATKA URBAN RENEWAL AGENCY; AND JACKSON BRYAN, COUNSEL, URBAN RENEWAL AGENCY, PALATKA, FLA.

Mr. CHAPPELL. Thank you, Mr. Chairman. I am pleased that you would give us this opportunity to testify and I am happy to have with me today Mr. John D. Arrington, Jr., who is chairman of the board of commissioners of the Urban Renewal Agency, city of Palatka; Mr. Frank S. Crabtree, Jr., executive director of the Palatka Urban Renewal Agency; and Mr. Jack Bryan, the attorney for the agency.

Mr. Chairman, I'm not going to take the time to present a formal statement. As a matter of fact, there will be one inserted in the record with your permission, and I'll try to save time on that.

Mr. ROE. Without objection, so ordered. Your full statement will appear at this point in the record.

[The statement referred to follows:]

STATEMENT OF HON. BILL CHAPPELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, I welcome this opportunity to testify in support of H.R. 3271, introduced by my good friend and colleague from Florida, Mr. Fuqua. This bill would 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.

Mr. Chairman, I cannot emphasize too strongly the need for the enactment of this legislation, which will enable many of our cities who have proceeded in good faith to lay the foundation for urban renewal projects only to have them terminated due to lack of funds resulting from ineligibility of credits under the law, which had previously been allowed.

A case in point, Mr. Chairman, is the City of Palatka, Florida, and I want to commend this subcommittee for giving representatives of the Palatka Urban Renewal Agency the opportunity to be heard in these hearings. You will hear first-hand of their dilemma and I trust their problems can be alleviated by the timely passage of this legislation.

The Palatka Urban Renewal Agency submitted an application in 1966 for the planning of a General Neighborhood Renewal area.

These folks were told by HUD officials that all improvements within the project boundaries such as street paving, water sewerage lines and the building of com-

munity facilities that counted as creditable items would count as 25 percent of the city's cost which would be noncash credits totaling approximately \$450,000. Therefore, based on the expectation of these credits, the city proceeded with the improvements and in 1969 accepted a \$125,000 planning grant. Having done their planning, Palatka is now told it cannot claim the credits and must pay 25 percent of the relocation costs to families and businesses displaced at an additional cost of \$350,000.

To the extent that its resources have permitted, Palatka has dedicated itself to community development. Now, it is faced with the loss of an urban renewal project. This is one of many cases where a city will suffer from being innovative under programs passed by the Congress, unless this bill can be reported and passed at an early date.

Mr. Chairman, this relocation bill can provide the necessary ingredients to complete this project and many others. I thank you for your favorable consideration and for the opportunity to testify.

Mr. CHAPPELL. I would simply say to you that I realize you gentlemen are dealing with a very difficult problem, and I know many of us are wrestling with a philosophical problem in this regard. I, too, wrestled with it. I suppose what I am indicating here today is that there is an issue here that kind of gets, as a lawyer would speak, into an equitable estoppel situation, because some of the cities have made plans along certain lines because the Congress has led them to that position, or has under laws specifically given them the opportunity to find themselves in a position where they are now going to be hurt because they can't now follow through on what they thought they had before because the law has, since they started the project, been changed.

This particular case here I think is a good case in point. The city of Palatka's Urban Renewal Agency, for example, submitted an application in 1966 for the planning of a general neighborhood renewal area. They were told by the HUD officials that all improvements within the project boundary such as street paving, water and sewage lines, and the building of community facilities, that counted as creditable items—creditable items—would count as 25 percent of the city's cost, which would be noncash credits totaling approximately \$450,000.

Therefore, based on the expectation of these credits, the city proceeded with the improvements and in 1969 accepted a \$125,000 planning grant. Having done their planning, then the city is told now that it cannot claim the credits and must pay 25 percent of the relocation costs to families and businesses displaced at an additional cost of \$350,000.

They say, well, that's not a big problem. But for a city like Palatka, Fla., that has a population of 10,000 people, and one that has had problems over the years in trying to have a good, orderly growth, a good, progressive growth, \$350,000 is a lot of money. The city finds itself in a position where it doesn't have it; it's going to lose all that it has put into the program if it can't get some kind of relief.

They now have an extension which is just on the verge of expiring as of—probably tomorrow or within the next several days certain.

To the extent that its resources have permitted, then, the city has gone ahead and dedicated itself to community development. It is now faced with the loss of this entire project unless some relief is given.

I think this is a good case in point where a city, trying to be innovative, finds itself in a position of really suffering a loss which is to it severe.

So, while I, like many of you, have philosophical problems, I also recognize that here is a case that seems to me where the doctrine of equitable estoppel might enter the picture, or a question of equity might enter the picture, and it seems to me that the Congress somehow has to make some provision to take care of these people who stepped out and took a position based upon what they thought the congressional followthrough was going to be.

Gentlemen, I urge your most favorable consideration of this bill, and would now ask you to indulge a little time to these officials from the city of Palatka, Fla.

Thank you very much.

Mr. ROE. Very fine, Mr. Chappell.

We would be pleased to hear from you folks.

Mr. ARRINGTON. Mr. Chairman and members of the committee. I am John Arrington. I appear before you as the chairman of the Urban Renewal Agency of the city of Palatka.

As Congressman Chappell has mentioned, Palatka is a small town, with a population of approximately 10,000. We are located on the banks of the St. John's River, about 50 miles south of Jacksonville.

Now, we come from a pretty conservative area of the country, but the voters of Palatka approved our undertaking in urban renewal activities by a vote of the people, by referendum, and they gave us about a 70 percent vote. So we're not trying to push anything down their throats. This is something where we have had all along the support of our people.

Mr. ROE. If I may interject—in effect, the heart of the implementation of your program was done by public referendum, vis a bond issue?

Mr. ARRINGTON. No, sir. It was a referendum on the question of urban renewal itself.

Mr. ROE. Were there any referendums that were held that would have been couched to raise funding for the program at all?

Mr. ARRINGTON. No, sir.

Mr. ROE. It's direct capital out of the community?

Mr. ARRINGTON. Yes, sir.

We first made application to undertake this urban renewal activity in 1966, a general neighborhood plan. It took 3 years to get this approved, and then 2 years in planning, so in 1971 we made the application for the first urban renewal project.

It was our understanding during all of this period, from the inception of the Urban Renewal Agency as an entity of the city, that public improvements made in the urban renewal area would be counted as local, noncash grants. Well, it was in the summer of 1971 that we had a rude awakening, when the HUD officials told us that that was not the case. So we lost many improvements that we wouldn't have made perhaps until they could have been counted.

Mr. ROE. Were any of those improvements made by bond referendum?

Mr. ARRINGTON. Yes, they were. The bond issues had been raised in the past to fund the police station and the fire station.

Mr. ROE. Did they relate to the urban renewal program?

Mr. ARRINGTON. Not specifically, no, sir.

Mr. ROE. What I'm trying to point out—I know you have your attorney here—but to save time—it seems to me, when we are presenting a

referendum and we are presenting a bond prospectus to our people to vote on, we are laying out the procedure and the program we're talking about following. So, in turn, as part of that bonding, if that is based upon the good faith and intent of the community as they understood the program, I would say that perhaps—meaning no unkindness—that a change of the rule in mid-stream now on this issue would mean that the Federal Government is pulling the rug out from under them without the local people being given a chance to speak on the issue.

Is that reasonable?

Mr. ARRINGTON. Yes, sir, that's a good point, sir.

To this point, last summer we found out that not only do we lose the credits that we thought we had, but effective last July this relocation bill requiring our community to stand good for one-fourth of the share for relocating the people in the first urban renewal project area, really it put us out of the ball park to undertake the program.

We have a capital grant reservation of about \$3¼ million to undertake the first project, which has been in effect since early last year, but we have not been able to go with it because of the relocation problem.

Mr. ROE. Just so I understand what you're talking about, you're talking about three-point what?

Mr. ARRINGTON. \$3.2 million for the first—

Mr. ROE. Is that a Federal grant?

Mr. ARRINGTON. Yes.

Mr. ROE. What percentage share is the community contributing?

Mr. ARRINGTON. The community has agreed to, over the life of the project, to come up with about \$680,000.

Mr. ROE. How is the community planning at this juncture to finance that?

Mr. ARRINGTON. They're going to finance it from the general revenues of the city, and the county government is also going to fund certain capital improvements in the area, such as street paving and utilities.

Mr. ROE. Is that going to be done over a period of years?

Mr. ARRINGTON. Yes, sir.

Mr. ROE. So, therefore, it's not a \$600,000 impact on any 1-year calendar budget?

Mr. ARRINGTON. No, sir.

Mr. ROE. Nevertheless, it's projected over a period—perhaps 3 years?

Mr. ARRINGTON. Five years, the life of the project.

Mr. ROE. So, in effect, the city is prepared to make that kind of commitment to carry on the program in the first place?

Mr. ARRINGTON. Yes, sir.

Mr. ROE. But it's all going to be done under general revenues?

Mr. ARRINGTON. Yes, sir. They have told us, however, they cannot come up with any moneys over the \$680,000.

Mr. ROE. I understand.

Mr. ARRINGTON. Our general budget for the city is just a little over \$1 million. That's everything—interest, general operations, police, fire, the whole thing.

Mr. ROE. We are talking about—if you don't mind my interrupting—we are talking about philosophy, we're talking about integrity, we're talking about purpose, and the whole thing in my judgment, as one Member of Congress, is that our job and our concern is the needs of our people, nothing more, nothing less, as I see it.

The colloquy that was carried out earlier related to heavy urban areas, such as would be true in New York, New Jersey, and other urban States particularly. But I just wonder how widespread this impact will be throughout the country. I mean, this is not just an urban-oriented program by far.

Now, when we talk about philosophy, it would seem to me that the idea of having a set of programs going along, where people take years, through the fault of no one, to carry it out, that all of a sudden somebody changes the rules in the middle of the ball game.

The other thing that would concern me a little bit—again, it may seem I'm coming down hard on the White House, and I'm not—but I'm concerned a little bit about the so-called special revenue sharing as was testified to here earlier, which frankly we really don't know anything of substance about. It would seem to me that unless special revenue sharing directed itself to specific projects such as yours, if it were to go on a "Federal-State partnership," and revenue sharing was to come in under special categories of these types of projects into a State, and the determination was to be allowed to be solely that, as I understand it, of the Governor of a State, then in that instance the project priority would have to be established in that State because enough money isn't going to be available, in any case, to be able to take care of all of the State's programs.

So, in effect, your city, in the absence of new legislative authority—I'm talking about this proposed legislation—it would be subjected to whatever the final determination was made out of the statehouse. It would be true in my State the same way.

Mr. ARRINGTON. Yes.

Mr. ROE. So therefore, your project would be subject to that kind of circumstance?

Mr. ARRINGTON. Yes; it would.

Mr. ROE. Is that a fair commentary?

Mr. ARRINGTON. Yes, sir.

Mr. BAKER. The State legislator representing his area would be in between.

Mr. ROE. Hopefully. I understand.

Mr. ARRINGTON. One of the requirements in undertaking any urban renewal activity is that you organize the people living in the project area so that they might have some say in what's going to happen, what's going to happen to them. We've done this and the whole community is behind us. We're affecting the lives of 200 families and I hate to go back and tell them, "Forget it, it's off," you know.

Mr. ROE. Let me ask a hypothetical question.

If the governing body of the community were faced with this kind of a problem, they would have gone down the road and make certain commitments, fiscally, I would think; right?

Mr. ARRINGTON. Yes.

Mr. ROE. That's point No. 1.

Now, point No. 2: Assuming they couldn't carry out this program and the Federal bill did not prevail—let's just assume that—and that the relocation cost would have to be absorbed by someone because there is no other methodology to accommodate the cost in the community, how would the community handle that?

In other words, we're one-third down the road we've got part of the project going; we've got people started; and we've spent money on plans and specifications. If we're that far along—and we don't have \$600,000 to do this other work, and we don't have the bond base to go out and secure additional revenue bond financing because we already have an emergency certificate from the State to overextend our bonding capacity: What would the city do, abandon the project?

Mr. ARRINGTON. Mr. Chairman, I think they would have to abandon it.

Mr. ROE. In other words, are the fiscal resources of your community strong enough for the record to be able to float a bond issue without some outside help?

Mr. ARRINGTON. At this point, no, sir.

Mr. SHUSTER. Would the gentleman yield?

Mr. ROE. Yes.

Mr. SHUSTER. I'm a little puzzled by one point, and I need some clarification, sir.

I have heard testimony that this is a surprise. What I don't grasp is the act was very clear from the beginning that as of July 1, 1972, it would go on a share basis.

Is it your contention that at some point you were led to believe that it was going to be 100-percent funding into the future, indefinitely?

Mr. ARRINGTON. No, sir. We knew ahead of that date that this law was going to be changed as of that time. However, until our midplanning conference on this first project, we didn't know that we were going to lose about \$450,000 of local improvements in the area that we thought had counted as noncash help.

So with the loss of both of these, it certainly puts our contribution below the level necessary to undertake the project.

Mr. SHUSTER. But the \$450,000, does that have something to do with the Relocation Act?

Mr. ARRINGTON. Well, to this extent, that we cannot now put an application in for the project because we cannot afford to undertake it.

Mr. ROE. Aren't you talking about a cumulative effect?

Mr. ARRINGTON. Yes, sir.

Mr. SHUSTER. Thank you.

Mr. ROE. Are there any more questions? [No response.]

Thank you very much.

Mr. CHAPPELL. This is Mr. Jack Bryan.

Mr. BRYAN. I am Jackson Bryan, the attorney. And if I may just comment on Mr. Shuster's question, we, of course, kept up with the situation last year. We knew of the deadline. I believe Mr. Arrington said we lost some credits, but then we knew what was happening up here last year. We were up here. As all you gentlemen know better than we, the legislation passed both Houses, the conference report passed the Senate, and then I understand something happened in

the last day or so, the last few hours. But we were well aware of that situation, and we thought the thing was going to be changed.

I would like to add one more thing. We think Palatka is an ideal type of laboratory maybe for urban renewal. We're a small place; we've got a racial balance there of about 30 percent black people; we have had exemplary race relations. We have done one urban renewal project, a small one, and completed it. We were the first community in the State of Florida, I believe, to successfully go through all the way on an urban renewal project.

This particular project that we're talking about today would transform about 30 percent of our area in the city, and if urban renewal means anything, we think this is a project that means a lot, even though we are small.

Thank you.

Mr. ROE. The thought occurred to me, having been in a similar position to you, it is a nightmare to attempt to govern, because in the final analysis—I hope my colleagues agree with me on this point—a part of our great effort last year was the Water Quality Act Amendments of 1972.

The question I was going to ask, and I noticed in your testimony, *a* dollars worth of improvements were to be a credit offset against the cash contribution.

Query. When were those improvements, sewer and water improvements made? Were they made recently?

Mr. ARRINGTON. Sir, these have been made since the time we put in the application to undertake the planning for urban renewal, since 1966.

Mr. ROE. Have your people looked into the retroactivity phase of the Water Quality Act?

Mr. ARRINGTON. No, sir.

Mr. ROE. In the Water Quality Act Amendments of 1972, there was a reimbursement feature which we ought to take a look at.

The reason I am subscribing to part of your deep concern is that if we could just kind of get a handle on the problem, what we're really talking about here is not only relocation, in my judgment, but we're talking about a cumulative effect, of administrative decisions having been made in the course of events of a program and constantly changing laws, so that you never can grab ahold of something. It's like trying to grab quicksilver to get the job done.

And therein, speaking for myself, what we're doing is putting our communities in an untenable situation as to how to get urban renewal finished.

Not to belabor this point, and I know the time is short, but my State looks like somebody dropped an atom bomb on it in urban renewal. City after city is gutted and we can't move, because we just can't bring the type of relationship that you're talking about here to where we can get a handle on it and move with it. They keep changing the rules every time you turn around.

So the question isn't really alone—it's germane, of course, to this legislation—but how do we bring it into focus to be able to take this proliferation of Federal assistance programs, put them together and make them work? I think that's really what we're concerned about.

Mr. Bryan?

Mr. BRYAN. Mr. Chairman, I just wanted to say, on behalf of all of us, we have been treated by your staff with as much courtesy as if we represented the largest city in the United States, and we're grateful for that.

Mr. ROE. We might be retiring to your city one day. [Laughter.]

But from your attorney's point of view, the thing that bothers me here is that here we have an ongoing program, and it seems to me that your fiscal borrowing capacity is limited to the percentage of what your ratables are. I don't think there is any question. It's the same in my State as with yours.

Now, what happens when cities have moved ahead and then a cumulative effect sets in, as is the case here? What does the city do? Suppose it has a third of the project built, and it has already made a substantial investment, some people have been moved out, et cetera. Query: Does the project stop? What will the city do then, go for an emergency certificate to exceed its borrowing capacity? How would you tackle that problem?

Mr. BRYAN. I believe our city would make every effort to try to go ahead on a reduced basis, to try to cut down where we could and finish it out as best we could.

Our mayor, unfortunately, due to a sudden illness in his family, could not be here. But he is a very progressive mayor and he has been able to get permission from the city to go along with these things when we thought things were hopeless before. I think we could do everything we could to finish on our own resources.

Mr. ROE. Assuming, however, that HUD would acquiesce to what you wanted to shrink back to.

Mr. BRYAN. That's an excellent point, because we would be even willing to try this on this project. That's insurmountable at this point.

Mr. ROE. Mr. Baker?

Mr. BAKER. Mr. Chairman, I want to say I appreciate the presence of these gentlemen representing a city of 10,000 persons. I have several such cities in my district, and I appreciate your Congressman taking the time to come with you, because his schedule, like all of ours, is extremely busy. He is a respected colleague and I assure you that if he recommends a solution—where so often we find ourselves maybe looking for issues rather than solutions—but if he can join with us, I am confident we will do our dead-level best to join with him in providing some sort of vehicle which will accommodate your forward-looking attitude in making your city of 10,000 become a city of 25,000 or 50,000 persons, if you want it that big.

It's good to have you with us.

Mr. CHAPPELL. I thank the gentleman, and I thank the committee for giving us this opportunity to be with you. I guarantee I will offer my every assistance, if you will permit me, to try to solve a very difficult problem.

The main thrust, as I see it, is to at least find a way to take care of these people who have already been given reliance on that program and have expended not only their own moneys but Federal moneys, which obviously would be wasted unless we find some way to at least hold on to those which we have.

In good faith, it seems to me we owe the obligation, and regardless of what we may do in the future, we ought to at least take care of those

who have already made the commitments and now find, as you say, their feet kind of cut out from under them.

Mr. ROE. Mr. Clausen?

Mr. CLAUSEN. I want to just clarify something in my mind.

Your particular community had submitted to HUD, under the regular urban renewal program, an application and, in fact, had a commitment; is this correct?

Mr. ARRINGTON. Yes. We had submitted a part 1 application. We have not submitted part 2 of the application at this point. The capital reservation has been approved for the project.

Mr. CLAUSEN. So under your understanding—and I'll address this to the attorney—do you feel the local requirements have been met so that it would qualify as a project that HUD would commit themselves to, as far as the local municipality and the understanding of the local officials is concerned, that you have a committed project from HUD?

Mr. BRYAN. Yes, sir, we could submit our part 2 anytime. We could take it to Jacksonville tomorrow. But when we do that, we're going to have to commit ourselves fully to the relocation costs. The city, of course, hasn't been willing to do that.

Mr. CLAUSEN. Have you talked to HUD about their definition of commitment, and whether or not the balance of the urban renewal project will go forward? Because it's my understanding that their definition of commitment, some of those that have been started would be—at least there would not be any new starts until they have a chance to clean up some of the projects around the country.

Mr. BRYAN. Yes, sir. And while we're up here, we're trying to have further talks in this connection with the Washington office on this subject.

Mr. CLAUSEN. The principal issue that you find is not one of whether or not the commitment has been made on the urban renewal program, but strictly one of an understanding of Congress on relocation assistance as related to all Federal funding that is of primary concern?

Mr. BRYAN. Yes, sir.

Mr. CHAPPELL. Mr. Clausen, as early as this morning I was in touch with HUD, and what they have said, as I understand it, is completely true. It's a matter of whether or not really they can even hold on to enough time to either get some relief from this Congress, or to find some way to phase into some other type of program which the Congress might come up with.

But these things are going to be out, and the moneys are going to be—will go back to the region for reallocation within the month, unless we find some way to help cities like this. All their money is going to go back, and that means they're out the window.

Mr. ROE. Does Mr. Crabtree wish to add to the testimony?

Mr. CRABTREE. Gentlemen, I would just like to say, when we first started with urban renewal, in which our city commissioners elected to go because of the many problems of our city, they wanted to correct them but due to the lack of financing they were unable to do it and checked into the HUD programs.

We followed step-by-step the recommendations of the Department of Housing and Urban Development, to the extent that when we looked over our city, it was in such a shape, with so many problem

areas, that they said we must outline a large area so we could determine which would be the first project.

In so doing, this is exactly what we did, except we designated a little small, three-block project area as a pilot project, so that we could get our feet on the ground and learn how to go about it and learn how it affected the people.

In the course of funding, they funded the pilot project and continued with this project, which is the largest project. And as our attorney stated, it hasn't been totally completed at this time.

Right now we feel we can truly do some good with the experience that has been gained through renewal, and do it in a minimum length of time. We find, as we followed all the steps that HUD has given us, that they have brought us down a dead-end road. We just feel this is somewhat—I shouldn't say unjust, but it has caused quite a bit of heartaches and problems with many of our people who have been planning on this project for many years.

I have worked right closely with all the residents of this project, and they feel this is somewhat of an injustice. So I just wanted to mention the fact that the city of Palatka has tried to follow all the guidelines given us without any real backwash, and we have been led to a dead end.

Mr. ROE. Thank you.

Mr. Shuster?

Mr. SHUSTER. With your permission, Mr. Chairman, I would like to submit some written remarks at this point in the record.

Mr. ROE. Without objection, all right.

[The remarks follow:]

REMARKS OF CONGRESSMAN SHUSTER

I have been supplied with information indicating the following: Application of Relocation Assistance Act to General Revenue Sharing.

1. The General Revenue Sharing Act is not subject to the Relocation Assistance Act. Any project or program financed by general revenue sharing *does not have to comply* with the Relocation Assistance Act.

a. However, the State or local recipient of general revenue sharing, if it selects, can use general revenue shared funds for relocation assistance in respect to any program or project otherwise financed by general revenue sharing.

2. General revenue sharing cannot be used to finance any part of the local share of cost of any project financed by other Federal funds. Therefore, general revenue shared funds can not be used to finance relocation assistance for any project receiving Federal-aid from some source other than revenue sharing.

Mr. ROE. I want to thank you very much, Congressman Chappell and your associates from Palatka, because I think what you have done, at least as I have heard the testimony today, you have pointed up a graphic illustration of what the dilemma is, in reasonable sized communities spread across the United States of America.

In my judgment, there has to be some interim position taken at least to protect these interests so we can move ahead. Thanks so very much for joining with us. We will be guided by your testimony.

Mr. CHAPPELL. Thank you, Mr. Chairman.

Mr. ROE. The next witness is State Senator Edward Gearty, from the great State of Minnesota.

STATEMENT OF STATE SENATOR EDWARD GEARTY, STATE OF MINNESOTA, APPEARING IN BEHALF OF THE NATIONAL LEGISLATIVE CONFERENCE; ACCOMPANIED BY RICHARD W. LINCOLN, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE CONFERENCE

Mr. GEARTY. My name is Edward Gearty, and I am a State senator from Minnesota.

Mr. ROE. Do you have a prepared statement, Mr. Gearty?

Mr. GEARTY. No. I was sent out here by our majority leader. I'm not going to take much time.

Mr. ROE. That's all right.

Mr. GEARTY. I'm not going to restate, Mr. Chairman, what has been stated. Minneapolis is in the same situation that everybody else is in. I represent an area of North Minneapolis made up of blacks and Indians in the core city. I have a blue-collar, hard-hat type of district.

Gentlemen, I am not going to restate what has already been stated. The problems, Mr. Chairman, that the Congress has, we are dealing with in the State legislatures, with the immediate problem that the National Government cannot solve these problems without the States.

You supply the money. And if you don't supply the money, I might suggest a way to take care of these problems: Let the Federal Government designate that part of the income tax that they would allow the States to use, and we'll address ourselves to the problem.

As a private attorney in Minneapolis, I have represented clients who got an additional \$15,000. When you take a poor area like I have, urban renewal open space, whatever, they can move into the suburbs, the \$30,000 home, market value home, which you don't have now.

This program helps the poor and middle-income people. If the Federal Government pulls out, the Federal Government becomes less relevant. If the Federal Government does not reduce taxes, and allows us to pick up these taxes, we can do the job. One of the main problems we have in the States is that the Federal Government has preempted the tax field and does not allow us to do the job we can do.

In Minnesota, we're in annual sessions. We amended our constitution in November. We are in a position in the Twin Cities area, with the metropolitan government that we have, that can address ourselves to these problems.

In excess of 40,000 laws were passed by State legislatures last year. We don't know what's happening, but you don't know, after you pass a law, what your Federal agencies are doing in the States. We've got 19 of them in Minneapolis-St. Paul.

We've got all the planning and all the consultants and all the engineers telling us, "You leave us the money and we can do it." You can't do it, and it's difficult enough for us.

The action, gentlemen, is in the States, not here in the National Congress.

As I sat here all morning listening to this—I appreciate your problems, but I am in a better position, with the financing, to do something about it than you gentlemen are.

Though I'm a Democrat and not of the party of the President, he is telling us in the States, "I'm going to give this to you." But I want this from the President: We will also, as the Federal Government

gets out of setting up corollary governmental agencies with the States, we'll give you either the power to tax, relinquish some of our tax take, or we'll give you the money through block grants. I would like it through the legislature so we can appropriate it, not just to the Governors, so we have some say where the programs are.

Mr. ROE. I want to elucidate further on your comments.

I have also represented a State in my experience, and I would suspect that almost every man to the individual on this committee has had four or five different other assignments in government, from being mayors of communities, clear up to the job they're doing today.

Mr. GEARTY. Yes.

Mr. ROE. I don't mean it unkindly, but I think it would be an assumption to assume that we may not understand, because we do.

Mr. ROE. Let me point something out to you. There is no quarrel that we want to help, and I agree with a lot of what you had to say. I am also of your same party.

However, let me point something out to you, that part of the dilemma we are faced with here is that this Congress doesn't know, to a man, what special revenue sharing is going to be. I would assume, in view of the dilemma we are faced with on this legislation, which is the time element, it is not of our doing alone.

We're looking for an answer we can solve the problem with. We can't let that city from Florida sit there and wallow; they're going to go down the tube—let me finish, sir—and this is also true in half-a-dozen other programs in my own State.

Now, we're not quarreling. As partisans, we're looking for an answer, what this committee needs and has to have before it can make a decision on special revenue sharing, which has its own merit, is to understand what they're talking about. We don't have that information.

Now, the purpose of this legislation is to create a carrying period until some other program emanates from downtown. This is what we're talking about. We subscribe to what you're saying; we understand what you're saying.

What I'm trying to get across to you is that if you are here to testify before us, as I understand it, in part—or maybe I don't understand you correctly—are you suggesting we do or do not implement this legislation, and extend its provisions for a carryover period?

Mr. GEARTY. If you can, and if you wish, you should implement it.

Now, from the testimony, and from some of the questions that were asked by the members of the committee, the possibility exists that it won't be implemented—

Mr. ROE. But then I call your attention to that point, and if that's so, which is possible, then there isn't any stopgap at all, because there is no other legislation before the Congress on special revenue sharing.

Mr. GEARTY. But the departmentalizing of these Government activities—you see, there isn't a question of a lack of understanding. I'm not indicating a lack of understanding. We are hip deep in understanding. It is how we translate what we understand into effective government action.

What I am saying is that the lifeblood of this is money, you see—

Mr. ROE. We're well aware of that.

Mr. GEARTY. Minneapolis is a core city surrounded by all the suburbs. We have the blacks, the Indians, the poor, the elderly—we have the second largest elderly population outside of St. Petersburg, Fla., with less than a reducing tax base.

We can take care of these problems. We have expertise in the State and we have structures to take care of it, if we have the financing.

As I say, I agree with President Nixon in putting the burden on us, because I accept it. But if the Federal Government, say in this area—does not do this, then they should reduce the taxes to allow us, Mr. Chairman, to do the job ourselves.

Mr. ROE. But the substance of the testimony before us today, sir, is whether or not this committee is going to vote ultimately, hopefully in the very near future, as to whether or not this bill will be extended in the absence of anything else.

Mr. GEARTY. Yes.

Mr. ROE. In effect, nobody is quarreling philosophies. It's like not having a spoon to eat with. This is the problem we are faced with.

All I'm trying to get out of you—and I agree with your philosophy—but are you suggesting, in the interest of your State, that yea or nay, we do move to pass some legislation that is going to meet your immediate needs while other things are being discussed and considered by the Congress?

Mr. GEARTY. Oh, definitely.

Mr. ROE. That's all I want to get in the record.

Mr. LINCOLN. Mr. Chairman, if I might, I would like to comment at this point.

I will leave with the committee staff a copy of the National Legislative Conference's official policy position with respect to the issue that is raised in this particular piece of legislation. I would appreciate it if it could be inserted at this point.

Mr. ROE. Without objection, so ordered.

[The referred to information follows:]

UNIFORM FEDERAL RELOCATION AND LAND ACQUISITION POLICIES

There is a demonstrated need for uniform relocation assistance for persons and businesses displaced by Federal and federally assisted projects. This concept is presently embodied in the Uniform Relocation Policy and Real Property Acquisition Act of 1970 (P.L. 91-646).

The Intergovernmental Relations Committee of the National Legislative Conference recommends that such assistance should be provided in the spirit of helping those who are dislocated, and incentives to rapid resolution of the conflicts should be provided. The Uniform Relocation Act should be amended so as to delete all cut-off dates for the Federal funding of the first \$25,000 of relocation expenses.

* * * * *

Mr. LINCOLN. Thank you, Mr. Chairman.

It is very clear, incidentally, Mr. Chairman, that the position of the National Legislative Conference is very strongly in support of H.R. 3271.

Mr. GEARTY. I hope the chairman appreciates the fact that I did not want to repeat what everybody else said here, because Minneapolis is in that same situation.

Mr. ROE. The chairman enjoys the forum of an exchange of views—

Mr. GEARTY. Yes; but I think we should keep in mind the States are

becoming more and more able to take care of these problems. As I say, I applaud President Nixon giving us the authority. But also the money has to come. You can't have it both ways. We are in a position to do the job, given the money.

I wholeheartedly support this legislation, because I have seen it help people. We have the Nicholas-Loring project in Minneapolis, a \$30 million project. If the relocation assistance doesn't pass, it's going to cost the city of Minneapolis in property tax about an additional \$3.5 million. I would suspect that's about a \$10 million deal on a property tax levy. And this, as you say, reduces the movement and the momentum of these very necessary projects.

Mr. ROE. Precisely the subject of the discussion.

Any questions on the left, gentlemen? On my right? [No response.]

Thank you very much.

Mr. KLUCZYNSKI [presiding]. Our next witness is Hon. Don E. Whitaker, mayor of Lawton, Okla.

Mayor Whitaker, it is a pleasure to have you here. Would you introduce your associate for the record, please?

STATEMENT OF DON E. WHITAKER, MAYOR OF THE CITY OF LAWTON, OKLA.; ACCOMPANIED BY DAVID F. GARRISON, LEGISLATIVE COUNSEL FOR THE NATIONAL LEAGUE OF CITIES AND THE U.S. CONFERENCE OF MAYORS

Mr. WHITAKER. Mr. Chairman and members of the committee. I am Don E. Whitaker, mayor of the city of Lawton, Okla., a community of about 74,000 people, and we are located approximately 90 miles southwest of Oklahoma City.

Joining me at the table here is David Garrison, legislative counsel for the National League of Cities and the U.S. Conference of Mayors.

I am pleased to appear here before you on behalf of the city of Lawton, as well as the National League of Cities and the U.S. Conference of Mayors. I am here to convey the urgent call from our Nation's cities for early enactment of H.R. 5020, the proposed amendments to the Uniform Relocation Assistance Act of 1970.

Members of this subcommittee will recall that the League of Cities and the Conference of Mayors appeared before you just 9 months ago on essentially the same issues facing the subcommittee today. At that time the cities expressed their need for quick action by the Congress to extend the period of time during which the Federal Government would be required to pay 100 percent of the first \$25,000 of relocation costs under the act.

We urged Congress to make this required Federal payment a permanent feature of the statute. By the time the House and Senate conferees had completed designing the conference report last September, you had agreed to a 4-year extension of the time period—to July 1, 1976. The cities were then and are now again prepared to support this compromise agreement.

As members of this subcommittee are aware, this is a very uncertain time for our Nation's cities. The President's budget proposes a wide range of terminations and cutbacks in many existing Federal grant-in-aid programs going to urban and rural communities.

In some areas the President has simultaneously recommended new, consolidated programs to replace those being phased out. In other areas, no successor programs have been suggested. In both cases, cities have already begun to feel the pinch of the President's actions.

Throughout the country cities are this minute considering how to respond to the local crises created by reductions in or eliminations of programs run by HUD, Health, Education, and Welfare, Labor, Commerce, Agriculture, and OEO. In a substantial number of cases, local governments are attempting to find ways of picking up portions of defunded Federal activities, even though local resources are already overburdened.

Whether or not cities are able to find local funds to pick up these activities, it is clear that the overall impact of the President's budget proposals is to shift substantial cost burdens from the Federal Government to local communities.

In the midst of this extremely tight local financing bind, cities are also now faced with the requirements to begin sharing the very substantial relocation costs connected with certain Federal grant-in-aid programs that are going forward. This problem is most serious for cities using programs of the Department of Housing and Urban Development, particularly urban renewal and model cities activities.

It is true that these categorical programs, along with several others, are being proposed for consolidation into a single block grant to begin on July 1, 1974. During the last year's discussions in the Congress about the community development block grant, a Federal share ranging from 90 to 100 percent was proposed. The cities continue to support the concept of a community development block grant and will be working hard this year with the Congress toward its early enactment.

However, during the interim transition period between where cities are now and where they will be under a new community development program some 15 months or more away, the difficulties presented by a required local sharing of relocation costs are very real. If I may, Mr. Chairman, let me explain how this local sharing requirement adversely impacts on present city programs by citing just two examples from my own city of Lawton.

In early 1970, nearly a full year before the Congress passed the Uniform Relocation Assistance Act, HUD approved a general plan for a conventional urban renewal project and reserved \$4 million for Lawton. About a year later, just after the act was signed, Lawton submitted its loan and grant application for this project. HUD did its usual speedy job, taking about 6 months to approve this second stage of the project application process. Thus, in September of 1971, about 18 months ago, Lawton got its contract and began land acquisition activities.

Lawton's application assumed that land acquisition activities would be completed prior to July 1, 1972, thereby having HUD pick up 100 percent of the relocation costs which were projected at one-quarter of the total \$4 million Federal share. HUD's contract with the city confirmed this time schedule. Unfortunately, HUD's delay in processing the application made it impossible to meet that time schedule, and a substantial portion of the relocation costs were not legally incurred until after July 1, 1972.

Thus, Lawton is now faced with a very tough decision: Either we come up with an additional 20 percent of our local share on this project, now already \$1.4 million, or we drop over one-half million in planned project improvements so that Federal and local money can be shifted to cover these unexpected relocation costs.

Because our local resources are already exhausted, we will have to take the latter course and drop the project improvements. This means that the total project will not be completed. We will have to forget the construction of streets, sidewalks, and water lines in a black ghetto section of our city, a section which now has dirt roads. If the city is forced to make this decision and the Federal Government is not required to fully pick up these relocation costs arising from HUD-approved and HUD-funded activities, then this project will have failed.

Just yesterday I had a council meeting before I came up here, and the council chambers were full, approximately 60 people, all of them confused as to what they were going to do, and what was the next thing to be done. In other words, we have had several meetings with them and we had to tell them that we're just going to have to have another meeting, too, until we get some kind of direction here.

A similar problem has arisen in connection with Lawton's first neighborhood development program grant from HUD. Once again, a 6-month delay by HUD pushed a large portion of planned relocation costs past the July 1, 1972 deadline. Then HUD, in carrying out the President's proposed budget cuts for urban renewal programs, reduced our second-year grant by half, thereby forcing the city to again choose between relocation and project improvements.

Again, it looks as if we will have to drop the project improvements and go with the relocation costs. Thus, in just these two examples, the city of Lawton has been forced to cancel already funded plans for over \$1.5 million in badly needed public improvements because of the imposition of the local share requirements for relocation costs. This loss to the city of Lawton can perhaps be best understood when I tell you that the city's entire annual budget is only \$6 million.

I give you these specific examples not only to highlight the actual impact your actions on these amendments will have on local government. I am also suggesting to this distinguished subcommittee that the difficulties cities are experiencing as a result of the local share requirement are not what Congress originally intended when the legislation was enacted.

The relocation costs cities are now incurring are, by and large, the result of decisions made jointly with the Federal Government prior to enactment of the Uniform Relocation Assistance Act. The increased costs created by that statute are peculiarly Federal in nature and should be funded as such.

Therefore, on behalf of the Nation's cities, I urge you most strongly to move quickly to again approve the provisions of H.R. 5020 which you originally supported last fall.

We gratefully acknowledge the continued support and leadership of Chairman Blatnik and the chairman of this subcommittee, along with the other committee members cosponsoring H.R. 5020. You may be sure of our future support on this issue, and of our willingness to work with you in achieving favorable action on this matter of great importance to the cities.

Mr. KLUCZYNSKI. Thank you very much for your splendid statement. How many people are affected by the HUD project in your city?

Mr. WHITAKER. The HUD projects I mentioned in the statement?

Mr. KLUCZYNSKI. Yes.

Mr. WHITAKER. Well, I can only give you a percentage of the community, probably about 18 to 22 percent of the community of 74,000.

Mr. KLUCZYNSKI. Are these people small businessmen or lifelong citizens, or senior citizens, or would you have that broken down?

Mr. WHITAKER. I would say a majority of them are lifelong citizens, and some senior citizens, yes, sir. A pretty good majority of them—let's say 15 or 20 percent of that group.

Mr. KLUCZYNSKI. The gentleman from California, Mr. Clausen. Any questions?

Mr. CLAUSEN. I just want to compliment you, Mr. Mayor, on one of the more inclusive statements, which not only provides the estimate of costs, but it also provides examples of what your own situation is in your own community.

If I understand the thrust of your testimony, basically you, as a mayor, do support the so-called consolidated grant or bloc grant, the revenue sharing approach, but your principal concern is what do we do in the interim, until such time as the Congress may—

Mr. WHITAKER. Yes, that's what the people were at the council meeting for. They're confused, too, as we are.

Mr. CLAUSEN. So that, in effect, wraps up your testimony?

Mr. WHITAKER. That's why we want something to happen as soon as possible.

Mr. CLAUSEN. To either push the bloc grant for completion so you know where you stand—

Mr. WHITAKER. Yes.

Mr. CLAUSEN [continuing]. Or enact something on an interim basis?

Mr. WHITAKER. Right.

Mr. CLAUSEN. Thank you, sir.

Mr. KLUCZYNSKI. Thank you, mayor, for your wonderful presentation. It will be very helpful to this committee. We appreciate your presence here and we are happy to have you.

Mr. WHITAKER. Thank you.

Mr. KLUCZYNSKI. The last witness this morning will be Robert Hubbard, Assistant Commissioner, Department of Housing and Community Development, Baltimore, Md.

Welcome, Mr. Hubbard.

Mr. HUBBARD. Thank you, Mr. Chairman.

STATEMENT OF ROBERT HUBBARD, CHAIRMAN, NATIONAL RELOCATION COMMITTEE OF THE NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS, AND ASSISTANT COMMISSIONER, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, CITY OF BALTIMORE, MD.

Mr. HUBBARD. Mr. Chairman and members of the subcommittee, my name is Robert Hubbard, and I am chairman of the national relocation committee of the National Association of Housing and Redevelopment Officials, NAHRO. I also serve as the Assistant Commissioner for the

Department of Housing and Community Development for the city of Baltimore, Md.

I am here today to present this statement on behalf of the membership of NAHRO in support of amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 currently pending before your subcommittee.

For your information, NAHRO is the professional membership association representing local urban renewal, housing, and code enforcement agencies and officials throughout the country. Currently, our membership includes approximately 2,000 local agencies and 8,000 individuals. As the local administrators of federally assisted housing and community development programs, I believe the membership of NAHRO is in a unique position to comment on an objective, firsthand basis regarding the administration of relocation payments and assistance in connection with displacees under the various HUD-assisted programs.

As you may recall, I appeared before this subcommittee on behalf of NAHRO on June 15, 1972, to seek your support for amendments similar to those being considered today. Specifically, our concern at that time was and still remains, the continuation of full Federal funding of the first \$25,000 of any single relocation payment beyond the July 1, 1972, deadline established in section 207 of the 1970 act. Unfortunately, the Uniform Relocation Amendments of 1972 were not enacted during the 92d Congress, due to the preadjournment legislative demands on the Congress.

We commend this subcommittee and the full House Committee on Public Works both for their previously demonstrated understanding and favorable treatment of these amendments and for your intent, as evidenced by this hearing, to proceed promptly in concluding the legislative treatment of these amendments which were interrupted with the adjournment of the previous session.

Legislation pending before this subcommittee today, with broad sponsorship, is similar to the conference agreement reached by the House and Senate on S. 1819 during the closing days of the previous session. The 1970 act would be amended so as to continue full Federal funding of relocation costs up to \$25,000 per displacee for an additional 4 years, beyond the July 1, 1972, cutoff date in Public Law 91-646, until July 1, 1976. This compromise extension of 4 years has the complete and wholehearted endorsement of NAHRO.

Mr. Chairman, local renewal agencies in communities throughout the country comprise the most significant body of experience in relocation, particularly in urban 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 past 20 years.

It is this body of professionals who request that you reinstate the full Federal cost sharing for relocation payments. As you are well aware, if the July 1, 1972, cutoff date for full Federal financing of relocation costs is not extended, local governments must begin to share the costs of relocation on a project basis. In the case of urban renewal, this would force localities to contribute either 25 or 33 percent of those total project budgets for relocation costs.

In addition to the drastic impact of a sharing requirement on local resources, the imposition of a local sharing requirement for relocation benefits would come at a time when financially hard-pressed local governments are experiencing a recasting of the traditional Federal-local relationships in housing and community development programs.

The period of transition from existing to new methods adds an additional burden to local communities struggling to maintain local improvement efforts.

It would be counterproductive in this period of transition to change the Federal role in providing relocation benefits. This transition has already been marked by a severe curtailment of existing categorical program aid to our cities. If local sharing of relocation costs must also come from already inadequate project funds, local communities programs may well find themselves unable to survive the transition to new approaches.

In the past, one of the major considerations in full Federal funding of relocation costs was to support new program activity. Today the mere completion of existing program efforts could become impossible should the limited source of categorical funding be further depleted by the addition of shared relocation costs.

Mr. Chairman, NAHRO continues to receive reports from communities as to the serious impact the local share requirement has and may have on their various programs. I am taking the liberty of re-submitting for the record the following chart based on the NAHRO relocation survey of 1971. The figures represent the range of the new local contribution required by cities in each population category for fiscal year 1973, if the pending amendments are not enacted. This additional cost represents a severe financial burden to cities already unable to adequately meet the needs of their citizens.

We do not yet have complete evidence of the impact on HUD-assisted projects of the cost-sharing provision effective July 1 of 1972, but it is clear that such impact will be severe, if the provision is not rescinded.

And to answer some of your previous questions that related to the impact since the cutoff date, the present uncertainty as to the full impact, is due to the following reasons:

Legislative actions pending in the Congress last fall on S. 1819 to extend the time limit for cost-sharing of relocation costs gave local governments an expectation of being able to continue needed projects with the assurance of necessary Federal assistance.

Many projects approved and funded in the months immediately after the effective date of Public Law 91-646 in January of 1971 were submitted before there was adequate knowledge or information on the full impact of the provisions of the act.

As you will recall, the effective date of the act was immediate and provided no period for local governments to reevaluate their capacity to participate in urban renewal under the new requirements. The impact on these cities will become evident only when the time of final accounting for the project occurs. It is clear that there will be small cities that may be overextended as a result of this requirement for local cost-sharing of relocation, if they were not fortunate enough to complete the major portion of their relocation activities prior to July 1, 1972.

Third, in anticipation of the cost-sharing, many small cities that were initiating actions locally to undertake HUD-assisted renewal activities, have simply dropped further consideration of these projects. To measure the full extent to which this has occurred is impossible.

Mr. Chairman, for these reasons the membership of NAHRO urges that you reaffirm your support as was evidenced in last year's committee action for the continuation of the full Federal contribution for relocation cost up to \$25,000 per displacee for an additional 4 years.

We would also like to take this opportunity to endorse two other provisions of last session's conference report, also pending in legislation presently before this subcommittee.

These provisions expand the coverage of the 1970 act to persons displaced by eight specified Federal programs, and provide assistance until June 30, 1973, to the several States not yet in full compliance with the provisions of the original act.

These provisions are in line with previously stated congressional intent to establish a uniform policy for the fair and equitable treatment of all persons displaced as a result of all Federal and federally assisted programs and projects and warrant your favorable consideration.

We understand that other perfecting amendments to Public Law 91-646 may be considered at hearings later in the 93d Congress. We would welcome the opportunity to participate in any such hearings. For the present, the financial burden resulting from the local sharing requirement is the area where we recommend immediate action by extending the deadline by 4 years.

I would like to thank you for the opportunity to appear and express our views before the subcommittee.

Mr. KLUCZYNSKI. Thank you, Mr. Hubbard. I remember you being before this subcommittee in the last session, and your testimony was very, very helpful to us in writing a pretty good bill.

I remember when we passed the House version, and the Senate had their own version, that it went to the conference committee and I thought we came out with a good bill.

Mr. HUBBARD. Thank you.

Mr. KLUCZYNSKI. But as you know, it died because we didn't have a quorum and we couldn't pass our highway bill, and that's why it is so necessary for us to pass this relocation bill now, an extension of the act until 1976—isn't that right?

Mr. HUBBARD. Yes, until 1976.

Mr. KLUCZYNSKI. We are all anxious to pass this legislation, and we're going to do it, and that's why we have these hearings. So I want to thank you for your presence today. I am sorry that more members aren't here, but I am sure they are going to read your testimony.

Mr. HUBBARD. Sir, I had some additional information that related to my local situation in Baltimore, in terms of the spending that has taken place, in terms of relocation costs.

We have spent to date some \$863,000 on relocation costs, and these are relocation costs we had not planned for. We are going to have to begin to look around to see how we're going to meet these costs, and they may eat into some of our local bonds—

Mr. KLUCZYNSKI. I'll assure you, it will be in the subcommittee, and we'll get it in the full committee, and pass it on the floor of the House—I hope we don't have to have a conference, but we'll pass it as soon as possible, because we all want it.

Mr. HUBBARD. I thank you.

Mr. KLUCZYNSKI. Thank you. It's nice to have you here.

Our next witness is John C. Murphy, legislative representative, National Association of Counties.

**STATEMENT OF JOHN C. MURPHY, LEGISLATIVE REPRESENTATIVE,
NATIONAL ASSOCIATION OF COUNTIES**

Mr. MURPHY. Mr. Chairman and members of the subcommittee, my name is John Murphy, legislative representative for the National Association of Counties (NACo). It gives me a great deal of pleasure to appear before you today to represent the interests of the Nation's 3,100 county governments.

Mr. Chairman, I wish to lend NACo's support to H.R. 3271 and related bills which would provide, among other things, for full Federal payment of the first \$25,000 of relocation assistance under federally assisted local government projects for 4 additional years.

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, 1970, and 1972 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 would be shared by the Federal and local governments in the same ratio as other project costs. It is our belief that if interim or temporary relief such as contained in H.R. 3271 is not provided then many federally assisted local urban renewal projects may be jeopardized.

Mr. Chairman and members of the subcommittee, simply stated—because of the severe financial crisis on the local level, accentuated by the recently announced budget cuts, local governments cannot meet the increased costs resulting from assuming a greater financial burden of relocation costs, and, as a consequence, their projects will have to be vastly curtailed or stopped entirely. Furthermore, putting relocation assistance on a program-by-program matching formula basis will take away much of the uniformity which the original act intended to create. It will again bring forth the obstacles which have plagued us all along, as counties and other local governments defer one federally aided project, and choose to proceed on another because the matching ratio of Federal aid is higher. This is one of the problems with Federal grant programs now—a lack of flexibility at the local level.

A recent survey by 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 would be that an additional \$93.4 million to \$124.8 million in local funds would be needed for fiscal 1973. Data reported by selected counties for renewal activities in fiscal 1973 indicates the following is needed in additional local funds:

1. Lebanon County, Pa., 53,500 ($\frac{1}{4}$ local share);
2. Westmoreland County, Pa., 99,500 ($\frac{1}{4}$ local share);
3. Montgomery County, Md., 150,000 ($\frac{1}{3}$ local share);
4. Washington County, Pa., 230,700 ($\frac{1}{3}$ local share);
5. Honolulu City and County, Hawaii, 412,000 ($\frac{1}{3}$ local share);
6. Los Angeles County, Calif., 1,983,700 ($\frac{1}{3}$ local share).

The additional local money required to pay this local share is not available, and consequently the projects undertaken by these counties will have to be vastly curtailed.

I spoke before of H.R. 3271 providing interim assistance during a period of transition. The transition is that of going from the existing categorical programs for community development (such as urban renewal) now under the jurisdiction of the Department of Housing and Urban Development to some form of bloc-grant consolidation. A bloc-grant consolidation program for community development would merge existing programs into a flexible program and would provide for 100 percent Federal assistance for local community development activities.

We believe that there is support for community development block grant consolidation in the Congress as evidenced by the fact that it nearly passed the Congress during the closing days of the 92d session. What we do not know is when it will pass. Thus, we feel that an additional 4-year extension of 100 percent Federal assistance for the first \$25,000 of relocation costs is necessary to provide a continuation of the flow of vital Federal aid for local renewal and redevelopment projects during the transition period.

In summary then, Mr. Chairman, NACo respectfully requests prompt and favorable action on H.R. 3271. Thank you for this opportunity to present our views.

Mr. KLUCZYNSKI. The subcommittee is adjourned until 10 o'clock tomorrow morning.

[Whereupon, at 12:15 p.m., the subcommittee was adjourned, to reconvene at 10 a.m., Thursday, March 15, 1973, in room 2167, Rayburn House Office Building.]

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

THURSDAY, MARCH 15, 1973

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

The subcommittee met at 10:05 a.m. in room 2167, Rayburn House Office Building, Hon. Glenn M. Anderson presiding.

Mr. ANDERSON [presiding]. The committee will come to order. This morning begins our third and final day of hearings into the proposed amendments to the Uniform Relocation and Real Property Acquisition Act of 1970.

This morning our witnesses will be from the Federal agencies who are responsible for the administration of this act. Our first witness this morning will be Mr. Ralph R. Bartelsmeyer, the Acting Administrator for the Federal Highway Administration.

Mr. CLEVELAND. Mr. Chairman.

Mr. ANDERSON. Mr. Cleveland.

Mr. CLEVELAND. Mr. Chairman, I unfortunately have a meeting with another House committee. Mr. Bartelsmeyer, I have read your statement. At the conclusion of your prepared remarks, for the record, I would like to have you address yourself to the question as to whether or not your Department would have any objection to a limited extension which would take care of some of the situations that have been called to the attention of the committee. Where a project was sort of halfway started when this legislation ran out and cannot go through to completion unless this continuation legislation is enacted.

And, Mr. Chairman, I would like to have Mr. Ink, the representative of the Office of Management and Budget, also address himself to that question.

I am sorry I cannot stay here to ask them myself, but there is some middle ground here I would like to have explored.

Mr. ANDERSON. Mr. Bartelsmeyer, you may answer after giving your statement, and whatever you say will be part of the record, and his questions will be part of the record.

Mr. Bartelsmeyer, would you introduce the other people with you, please.

Mr. BARTELSMEYER. Mr. Chairman, to my immediate right is Mr. Robert G. King, Chief, Relocation Assistance Division, Federal Highway Administration; and to my far right is Mr. S. Reid Alsop, an attorney in the Office of the Chief Counsel, Federal Highway Administration, who are both very well acquainted with this problem at hand today.

STATEMENT OF HON. RALPH R. BARTELSMEYER, ACTING ADMINISTRATOR, FEDERAL HIGHWAY ADMINISTRATION; ACCOMPANIED BY ROBERT G. KING, CHIEF, RELOCATION ASSISTANCE DIVISION, FEDERAL HIGHWAY ADMINISTRATION; AND S. REID ALSOP, OFFICE OF THE CHIEF COUNSEL

Mr. BARTELSMEYER. Mr. Chairman and members of the committee, I am pleased to again 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 Department of Transportation.

I am able to report to the committee that, with regard to the Federal-aid highway program, all of our 52 State agencies have been in full compliance with both the relocation requirements of title II and the land acquisition requirements of title III since July 1, 1972, when those requirements became fully applicable. We have not encountered any major problems in administering the act.

During the first 6 months of 1972, we provided \$24,180,954 in relocation benefits to 25,189 individuals, businesses, and farms. I am providing for your information complete statistical data concerning relocation benefits provided during 1971 and the first 6 months of 1972.

That information was handed to the committee in a separate package, and you have that information.

We have several comments on the proposed amendments to the Uniform Act. Our comments are directed toward H.R. 3271. Similar provisions are contained in other bills.

The Department of Transportation does not favor the provisions in subsections (a) and (b) of the first section of H.R. 3271 which provide that the Federal Government shall continue for an additional 4 years 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 of the Uniform Act.

The existing provision of the Uniform Act, section 211(a), is similar to a provision contained in the old Highway Relocation Act (23 U.S.C. 504(a)). Both of these provisions provide 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 act became mandatory. They were incentives for States to promptly enact enabling legislation and thus provide relocation assistance to their citizens at the earliest possible date. So far as the State highway departments are concerned, this incentive assisted them in obtaining enabling legislation.

We believe strongly that relocation costs should continue to be shared as part of a project's normal costs, as is now 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, costs of right-of-way acquisition and other project related costs. Highway relocation costs, incurred under the Highway Act (chapter 5, title 23, U.S.C.), were shared from July 1, 1970, until July 1, 1972, when the Uniform Act became fully applicable. Since July 1, 1972, relocation costs incurred under the Uniform Act have been shared with States.

In neither instance have any problems been encountered in the highway program 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 on Federal-aid highway projects has been enacted in every State since 1968. This legislation authorizes State sharing of relocation costs, and demonstrates the willingness and ability of States to accept part of the costs of relocating their citizens. Moreover, in some cases, State legislation authorizes State payment of relocation benefits on exclusively State or local projects where no Federal funds are involved.

An 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 no 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.

Subsection (c) of the first section of H.R. 3271 would add section 222 to the act. This would authorize Federal payment of relocation benefits in excess of \$25,000 per person from July 1, 1972, to July 1, 1973. Thereafter, a State would have to repay any such sums provided. This is apparently intended to assist State and local government bodies that do not yet have authority to comply fully with the Uniform Act. This section will not affect the Federal-aid highway program, since all State recipients are now able to comply with the act. However, experiences under both the Highway Act and the Uniform Act indicate that even if there is full Federal funding, States are reluctant to provide relocation benefits until they have enabling legislation.

Section 223, added by subsection (f) of H.R. 3271, would cover certain projects that receive Federal funds but which are not undertaken by Federal or State agencies. It does not appear that this section would apply to any programs funded by the Department of Transportation.

Section 307, added by section 3 of H.R. 3271, concerns donations. We suggest that the words "after he has been tendered the full amount of estimated just compensation" should be changed to read "after he has been fully informed of his right to receive just compensation for the acquisition of his property." This would assure that property owner's rights are protected while avoiding the necessity for following detailed procedures leading to a determination of just compensation, where an owner does, in fact, wish to donate his property. In any event, if the present language remains, the word "tendered" should be changed to "offered" for purposes of clarity and consistency with section 301 of the act.

Further, the words "just compensation as established by the approved appraisal of the fair market value of the subject property"

could be inaccurate in some cases. When an entire property is acquired the terms "just compensation" and "fair market value" are synonymous. However, they are not always synonymous on partial acquisitions, where damages or benefits to the remaining property must also be considered in determining just compensation.

Accordingly, we suggest that section 307 be revised to read: "Nothing in this title shall be construed to prevent a person, after he has been fully informed of his right to receive just compensation for the acquisition of his property, from making a gift or donation of such property or any part thereof to the agency concerned."

In conclusion, I would like to again express 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 and my associates will be pleased to answer any questions that you may have, Mr. Chairman.

Mr. ANDERSON. Thank you, Mr. Bartelsmeyer.

Mr. ZION.

Mr. ZION. Mr. Bartelsmeyer, the gentleman from New York, Mr. Peyser, was testifying a few days ago, and said that people on public assistance who were having their rent or having their housing paid were being paid relocation assistance under this program.

In other words, they did not have any of their own money in the property, and yet they were compensated for moving from it.

Are you familiar with this practice?

Mr. BARTELSMEYER. I would like for Mr. King or Mr. Alsop to answer that.

Mr. ALSOP. We have had some discussions on this matter concerning problems that have been brought to our attention by the State of New York. I think we would like to study Mr. Peyser's bill a little further, and perhaps we could supply additional comments for the record.

Mr. ZION. Well, would you agree that if none of the occupants' money is involved in rent or any other payments, would you agree that they should not be given any Federal subsidy for being moved from one area to another?

Mr. KING. Yes, sir, I believe we would. We have attempted to write our procedures in such a way that basically, as far as welfare recipients are concerned, our reimbursement is based on their actual out-of-pocket expenses.

In other words, if their entire rent is being paid or subsidized, then, yes, sir, we agree.

Now, if providing them safe and sanitary housing is going to require an additional expenditure beyond what they are receiving through welfare or subsidized housing, then we attempt to make up this difference on that basis.

Mr. ZION. I thank the gentleman.

No further question. Thank you, Mr. Chairman.

Mr. ANDERSON. Mr. Bartelsmeyer, do you have the question that Mr. Cleveland gave to you earlier?

Would you like to address your answer to that now?

Mr. KING. As I understand the question, the question concerned a limited extension for in-stream projects at the time of the enactment of

the Uniform Relocation and Real Property Acquisition Act, which could not continue due to a lack of funds.

Am I correct as to the question?

We do not have any such projects, or have any of these problems in our program, and such an extension would not affect us one way or another.

Mr. ANDERSON. All right. I think those are all the questions.

Thank you, Mr. Bartelsmeyer, Mr. King, and Mr. Alsop, and we will make room for our next witness.

Our next witness will be Mr. Clifford Graves, Acting Assistant Secretary for Community Planning and Management, Department of Housing and Urban Development.

Mr. Graves, would you also introduce your fellow cowitnesses.

Mr. GRAVES. Yes, Mr. Chairman.

I have with me today Mr. Melvin Geffner, on my right, who is Chief of the Relocation Branch of our office, and David Pinsky, in our Office of General Counsel.

Mr. ANDERSON. Thank you.

STATEMENT OF HON. CLIFFORD GRAVES, ACTING ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND MANAGEMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; ACCOMPANIED BY MELVIN GEFFNER, CHIEF, RELOCATION BRANCH; AND DAVID PINSKY, OFFICE OF GENERAL COUNSEL

Mr. GRAVES. Mr. Chairman, I am pleased to have the opportunity to appear before this subcommittee to present the position of the Department of Housing and Urban Development on the proposed amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

HUD has been working diligently to implement the act. With legislation as comprehensive and broad as this act, it is understandable that some difficulties have been encountered in the course of its administration. In fact, in anticipation of the need for a forum to discuss the problems and a mechanism to help resolve them, a number of inter-agency committees and work groups were established and have been meeting regularly. HUD has been an active member of the major groups since their inception, working on the development of the initial guidelines issued by OMB for use by Federal agencies in implementing the act and subsequently on the identification and resolution of problems arising as the various Federal agencies gained operating experience under the act.

As presently in effect, the Uniform Relocation Act applies to acquisition and displacement carried out by "State agencies" receiving Federal financial assistance. It is now proposed to expand the scope of eligibility for the benefits conferred by the act largely to those displaced as the result of Federal financial assistance to private individuals, partnerships, and corporations. Under a new section 223, a number of additional programs are identified that serve the public interest by making funds available to the private sector. Among these programs are several carried out by the Department in the area of multi-family housing. Principally, they operate through a guarantee of

private mortgages generally coupled with a subsidy enabling developers to reduce their mortgage costs and hence to reduce the sale or rental costs of housing they construct or rehabilitate.

So far as these specific programs are concerned, one—the program of direct loans for housing for the elderly under section 202 of the Housing Act of 1959—has not been operational for several years. Another program having limited displacement impact has been more recently terminated. This is the college housing program which was terminated January 5 this year so far as new activity is concerned.

The other programs of the Department named in the bill are multifamily subsidized housing programs. One of these is the program which provides assistance for modernizing public housing projects. Another is a program providing assistance, including interest reduction payments, for multifamily rental projects for lower income families under section 236 of the National Housing Act. A third is the program under section 235(j) of the National Housing Act pursuant to which mortgage insurance and assistance payments are made with respect to projects involving homes that are rehabilitated by nonprofit organizations for subsequent resale to lower income families. Each of these programs is described more fully in a supplement to this statement. The supplement also includes a table showing estimates of the dollar impact that would be involved if the Uniform Relocation Act provisions were extended to these programs.

The housing subsidy programs, including the programs I have just named, have experienced many problems. They have involved high costs. They have given rise to many, basic questions of approach. Accordingly, effective January 5 of this year, these programs have been suspended while their deficiencies are being reviewed and alternative approaches to meeting our housing needs are evaluated. New applications are not being accepted under these programs, although existing commitments are, of course, being honored.

Because we are currently carrying out a thorough review of the many problems associated with the housing subsidy programs, we are not in a position to recommend or support legislation at this time that would make significant operational changes in those programs. This would include H.R. 3271. Our review and evaluation of program deficiencies and alternatives is, of course, a matter of the highest departmental priority and we anticipate that within 6 months new policy recommendations will be submitted to the Congress. The Department intends to consider the need for and desirability of relocation requirements as we develop proposals for improving housing assistance programs.

A second major provision of the bill would amend section 211(a) of the act to extend payment of the first \$25,000 of relocation payments and assistance by the Federal Government for each displacement until July 1, 1976. This arrangement originally was terminated, pursuant to section 211(a), on July 1, 1972. Since that time, relocation costs have been shared in the same manner and to the same extent as are all other costs of the projects and programs heretofore funded by the Department of Housing and Urban Development. Under the urban renewal program, for example, some agencies have been required, since that time, to contribute as much as one-third of the cost of relocation as-

sistance and relocation payments. It seems to us appropriate that this financial arrangement be continued for several reasons.

First, it should be remembered that, under the act, relocation is simply considered to be one element of project or program administration. There is no particular reason to submit the cost of relocation to a different system of funding, when all other elements of most HUD-assisted projects are now funded on the basis of a sharing in the cost of their administration by State agencies and the Department.

When the Uniform Relocation Act was first passed, there was some concern on the part of local agencies that the 100-percent Federal funding of relocation payments, which was granted to them by contracts executed prior to that time, would be unilaterally modified by HUD in favor of the cost sharing which the law requires. The Comptroller General of the United States, in an opinion dated November 5, 1971, resolved this difficulty, however, by declaring that 100-percent Federal funding of the cost of relocation payments pursuant to the Uniform Act could continue for the duration of all projects in execution prior to the effective date of that statute. Contracts executed after the effective date of the Uniform Relocation Act were not within the scope of this opinion.

In the 8 months since July 1, 1972, funding of the cost of relocation for all projects except those being completed under the provisions of the Comptroller General's opinion has been shared to the same extent as other project costs. This system has apparently produced no major financial problems for localities receiving aid from the Department and the experience bears out our feeling, expressed last year, when former Assistant Secretary Jackson testified before the Subcommittee on Roads, that the impact would not be as great as predicted. Further, as far as we know, there has been little, if any, decrease in the scope of activities in such projects due solely to the inability of localities to meet their share of the cost of relocation.

Accordingly, the Department does not believe that a change in the manner of funding relocation costs is warranted or desirable.

Section 222 of the legislation, as proposed, would in effect permit an extension from July 1, 1972, through June 30, 1973, of the date after which Federal agencies must withhold Federal assistance grants from States that cannot legally comply with the provisions of the Uniform Act. During this period, the Federal Government could make repayable advances to State and local agencies in excess of the first \$25,000 per displacement where authority to use tax funds for relocation payments has not yet been established.

We believe that this amendment, at least with regard to HUD programs, is unnecessary. All HUD grantees are able to comply fully with the Federal law for all major programs and projects. The only known areas of noncompliance affect primarily programs not currently being funded. Consequently, an amendment of this nature would be of no benefit to most HUD grantees and does not seem warranted by our experience.

I am hereby submitting for the committee's convenience a statement indicating the status of compliance in the several States as regards the programs administered by this Department.

This concludes my prepared remarks, Mr. Chairman. I would be happy to respond to any questions the committee may have.

Mr. ANDERSON. Thank you, Mr. Graves. Without objection, your attached remarks and statistics will appear in the record at this point [The information follows:]

SUMMARY OF HUD PROGRAMS TO WHICH COVERAGE WOULD BE EXTENDED UNDER
H.R. 3271 (S. 261)

SECTION 101 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965

Federal rent supplement payments under Section 101 are made to owners of certain private housing projects. The sponsor of a housing project applies to FHA for a rent supplement contract to cover the entire term of the mortgage. If the sponsor receives a commitment, it can rent to tenants with incomes lower than would otherwise be possible. The rent supplement payment for a tenant amounts to the difference between 25 percent of his income and the fair market rental for the unit he occupies. The rent supplement payment, however, cannot be more than 70 percent of the market rent. As the tenants income changes, the rent supplement is increased or decreased accordingly. If a tenant's income rises to the point where he can pay full rent, he may continue living in the same unit without the rent supplement.

The housing on which rent supplements are paid must be financed under certain HUD programs; or under State or local programs that provide loans, loan insurance, or tax abatements. Finally, rent supplement payments can only be made in a community where there exists an approved Workable Program or where a specific program is approved by local government officials.

Tenants whose incomes fall within prescribed limits (as fixed by Section 101(c)) may be eligible for rent supplements if they also qualify in one of the following ways: (1) are elderly or handicapped (or have an elderly or handicapped wife or husband), (2) are displaced by governmental action, (3) are occupants of substandard housing, (4) are present or former occupants of dwellings damaged or destroyed by a natural disaster since April 1, 1965, (5) are a family whose head, or spouse, is a member of the Armed Forces of the United States who is serving on active duty. Tenants eligible under the criteria listed above apply directly to the owner of the housing project to whom a commitment for rent supplement payments has been made.

TITLE IV OF THE HOUSING ACT OF 1950

Title IV of the Housing Act of 1950 (college housing program) is designed to assist eligible institutions to perform the noneducational functions of providing decent housing and related facilities which students can afford and which offer them an alternative to either being denied admittance for the lack of reasonably priced housing or being forced into substandard quarters.

Two forms of assistance are authorized—debt service grants, which support private market loans, and direct loans. The original authorization (Title IV of the Housing Act of 1950, as amended) provided only for direct loan assistance. These loans are available for a maximum of 50 years, although they have been limited administratively to 40 years. The interest rate on such loans is three percent. An additional form of assistance, authorized in the Housing and Urban Development Act of 1968, provides for debt service grants. These grants, which may be made for a period up to 40 years, may be in an amount equal to the difference between the average debt service on a loan secured on the private market and the average annual debt service which would have been required if the loan were made at the three percent rate applicable to the direct Federal loan program. The direct loan program has been essentially replaced by the debt service grant program because of its greatly reduced effect on Federal budget outlays.

Any college is eligible for loan or grant assistance provided it can offer at least a two-year program acceptable for full credit toward a Bachelor's Degree. The Department contracts with the Office of Education to make investigations of institutional eligibility when necessary. The contract also provides for special determinations in the cases of new colleges unable to meet the requirements for transferability of credits.

Private and public nonprofit hospitals are also eligible for assistance in the construction of housing for student nurses, interns and residents. Applicant hospitals must have been approved by the appropriate state authority to operate a school of nursing beyond the level of high school and be operating such a

school, or have the approval of the American Medical Association or the American Osteopathic Association, for internships and residencies.

Three types of organizations established to provide housing or related facilities for students and faculty of educational institutions which are also eligible to apply for financial assistance are:

- (1) Any nonprofit corporation established for this sole purpose;
- (2) Any nonprofit student housing cooperative corporation, and
- (3) Any state agency, public authority or other instrumentality of a state.

SECTION 235(j) OF THE NATIONAL HOUSING ACT

Section 235(j) is intended to promote the purchase of housing by nonprofit sponsors, for subsequent resale to low- and moderate-income families. FHA will insure a market rate mortgage executed by a nonprofit sponsor or public body approved by the Secretary, for the purpose of financing the purchase (and where necessary the rehabilitation) of property consisting of four or more single-family dwellings (detached, semi-detached, or row), provided that at least one of the units is in need of rehabilitation. Sponsors participating under this program must enter into an agreement, satisfactory to the Secretary, whereby the sponsor agrees to sell the dwellings to low- and moderate-income families meeting the eligibility requirements imposed by Section 235(b).

Sponsors apply directly to an FHA approved lender. The lender receives an FHA commitment to insure the loan at the market rate, and an additional FHA commitment to make monthly assistance payments in an amount not to exceed the difference between the market interest rate and interest on the mortgage at 1 percent.

The mortgage amount cannot exceed the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of any rehabilitation. Mortgage term is set for a term acceptable to the Secretary.

Individual units may be sold by the nonprofit sponsor and insured by FHA in an amount equal to the portion of the unpaid principal balance of the blanket mortgage covering the property which is allocable to the dwelling. Eligible low- and moderate-income purchasers with incomes not in excess of 135 percent of the Public Housing Admission Standards are required to deposit \$200 (which may be used to cover closing costs) and may obtain an FHA insured loan of up to 100 percent of the purchase price. All other purchasers are required to make a downpayment of at least 3 percent of the purchase price.

Sponsors must be either nonprofit groups or public bodies or agencies approved by the Secretary. Section 235(j) cannot be used by cooperatives, limited dividend corporations, or private developers.

SECTION 236 OF THE NATIONAL HOUSING ACT

HUD provides assistance under the 236 program by making monthly payments to a commercial lender to reduce the project owner's interest payments from the market rate to 1%. The project owner must pass the benefit of this interest reduction through to its lower and moderate-income tenants in the form of reduced rents. A "basic rental charge" is determined for each unit on the basis of operating the project with payments of principal and interest under a 1% interest rate mortgage. The tenant (or cooperative member) pays either the "basic rental" or 25% of his monthly income, whichever is greater. However, a tenant is not required to pay rent in excess of the fair market rental (rent that would be charged for his unit if it received no assistance). A tenant's income must be recertified by the owner every two years and the rental charged the tenant adjusted appropriately. Interest reduction payments paid to the lender will not vary over the term of the loan. Rent paid by tenants in excess of the basic rent figure must be returned by the project owner to the Secretary.

Eligible sponsors may include nonprofit, cooperative, and limited dividend entities. A limited dividend entity is permitted a 6% return on its 10% equity investment. Maximum mortgage amounts will vary according to the sponsor's status: nonprofit and cooperative entities may receive up to 100% mortgage financing for the project while limited dividend sponsors are permitted a mortgage covering 90% of the project. Maximum mortgage term is not fixed but may be fixed at a term acceptable to FHA. Eligible projects under the 236 program consist of 5 or more units which may be detached, semi-detached, or row houses and may be located in walk-up or elevator or multifamily structures. Projects must involve either new construction or substantial rehabilitation.

Occupancy in Section 236 units is generally limited to families whose income

does not exceed 135% of the public housing admission limits in the area. However, up to 20% of the Section 236 funds may be used for interest reduction payments in connection with rental units occupied during initial rent-up by families with incomes not exceeding 90% of the community's 221(d) (3) BMIR income limits.

SECTION 202 OF THE HOUSING ACT OF 1959

Section 202 of the Housing Act of 1959, as amended, authorizes the Secretary to make direct loans to assist development of housing for the elderly or handicapped. Long-term loans for the new construction, rehabilitation or conversion of existing housing and related facilities may be made to private nonprofit corporate sponsors, cooperatives, certain public bodies, and limited profit sponsors approved by the Secretary.

Loans may cover total development costs, including advisory services, land and necessary site improvements. Applicants must show they cannot obtain a private loan or equally favorable terms and that they have the legal status and financial capacity to undertake, complete and operate the project.

The program is designed to meet a major social objective. Loans are made to nonprofit corporations, most of which have been created for this purpose but are inexperienced in operating such multi-family housing. Many of the groups need guidance in initial operations and therefore, are provided with advice and assistance to help them resolve operating and administrative problems.

Projects are designed for elderly persons who can care for themselves, and may include essential service facilities such as dining, community rooms and small treatment centers. Related facilities are restricted to essential services, to keep rents within the range of the lower middle-income group.

Applicants must adopt occupancy eligibility criteria consistent with these objectives. Authorizing legislation restricts occupancy to persons 62 years or older; to families in which either the husband or wife is 62 or older; and to handicapped or disabled persons who can benefit from this type of housing. Income limits are established administratively for individual communities to reflect geographical cost variation, to assure maximum occupancy by the portion of the population meant to be served and to avoid overlapping among HUD programs. Applicants must provide evidence of apparent demand for such housing in this income group.

* * * * *
NOTE.—It should be noted that although the proposed new Section 223 of the Uniform Relocation Act would extend coverage to the "Section 202" program, this program has been phased out in order to consolidate subsidized housing for the elderly under the HUD Section 236 program. Proposed Section 223 of the Uniform Relocation Act covers "Section 236" housing.

REHABILITATION OR MODERNIZATION OF PUBLIC HOUSING UNDER HOUSING ACT OF 1937

HUD provides additional financial assistance in the form of loans and annual contributions subsidies to local housing authorities to improve public housing projects, to bring them up to modern-day standards, and to provide a suitable living environment.

Applicants must be local housing authorities established by a local government in accordance with State law, authorized public agencies, or Indian tribal housing authorities. Modernization activities are carried out by local housing authorities under amended annual contributions contracts.

ESTIMATED DOLLAR IMPACT OF EXTENDED COVERAGE UNDER H.R. 3271 (S. 261)

HUD program:	<i>Estimated costs (period— balance fiscal year 1973 and fiscal year 1974)</i>
Sec. 202 of the Housing Act of 1959.....	None (no displacement anticipated).
Title IV of the Housing Act of 1950.....	\$100,000
Sec. 235(j) of the National Housing Act.....	4,788,000
Sec. 236 of the National Housing Act.....	39,794,000
Sec. 101 of the Housing and Urban Development Act of 1955.	2,660,000
Rehabilitation or modernization of public housing under Housing Act of 1937.	93,750
Total	47,435,750

ABILITY OF STATES TO COMPLY WITH THE UNIFORM RELOCATION ACT IN CONNECTION
WITH HUD PROGRAMS—REVISED MARCH 1, 1973

I. States in full compliance.

Alaska	Missouri
Arizona	Montana
Arkansas ¹	Nebraska
California	New Hampshire
Colorado	New Jersey
Connecticut	New Mexico
Delaware	New York
District of Columbia	North Dakota
Florida	Ohio
Guam	Oregon
Hawaii	Pennsylvania
Idaho	Puerto Rico
Illinois	Rhode Island
Indiana	South Carolina
Iowa	South Dakota
Kansas	Tennessee
Kentucky	Utah
Louisiana	Vermont
Maine	Virginia
Maryland	Washington
Massachusetts	West Virginia
Michigan	Wisconsin
Mississippi	Wyoming

¹ State agencies can comply with all HUD programs except demolition projects pursuant to section 116 of the Housing Act of 1949 and code enforcement projects under section 117 of that Act. Curative legislation, which will bring Arkansas into full compliance, was enacted in the 1973 session of the Arkansas General Assembly and will become effective June 8, 1973.

II. States unable to fully comply.

Alabama.—State agencies can comply in the public housing, model cities and urban renewal programs, but are unable to comply in other HUD programs. Although the Alabama Attorney General has been asked several times for an opinion, he has not complied with the requests. The Alabama Legislature will not meet until May 1973.

Georgia.—State agencies can comply in the public housing, model cities and urban renewal programs. As for compliance with other HUD programs, curative legislation (House Bill 265) has been introduced in the 1973 session of the Georgia Legislature.

Minnesota.—Local Housing and Redevelopment Authorities can comply with the Act. Although other State agencies can comply with Title II with respect to all HUD programs except demolition projects pursuant to section 116 of the Housing Act of 1949 and code enforcement under section 117 of that Act, it is unclear whether they can fully comply with sections 303 and 304 of Title III in programs other than public housing and model cities. An Attorney General's opinion has been requested. Although a formal opinion has not been rendered, we understand, based upon informal discussions with the Office of the Attorney General, that the formal opinion when released will conclude that the State agencies can fully comply with Title III with respect to all HUD programs and that the State agencies cannot comply with respect to section 116 and section 117 activities.

Nevada.—State agencies can comply in the urban renewal program. S.B. 122 has been introduced in the 1973 session of the Nevada Legislature. If this bill is enacted, Nevada will be able to comply with respect to all HUD programs.

North Carolina.—State agencies can comply except in demolition projects under section 116 of the Housing Act of 1949 and code enforcement projects under section 117 of that Act.

Oklahoma.—State agencies can comply in all HUD programs except demolition projects pursuant to section 116 of the Housing Act of 1949 and code enforcement projects under section 117 of that Act. Curative legislation is not expected in the near future. Although an Attorney General's opinion has been requested three times, he has not complied with requests.

Texas.—State agencies can comply in all HUD programs except demolition projects pursuant to section 116 of the Housing Act of 1949 and code enforcement

projects under section 117 of that Act. Curative legislation has been introduced in the Texas Legislature which is currently in session.

Mr. ANDERSON. Mr. Graves, last year, the Assistant Secretary, Mr. Jackson, told the committee that regional relocation personnel would be holding a meeting sometime last summer to discuss better and more efficient ways of administering the act.

Can you tell the committee what came out of this meeting?

Mr. GRAVES. There was more than one meeting held, and the meetings produced many types of information which we have used in interpreting and reinterpreting our own guidelines, and, more importantly, it pointed up some problems which the persons in attendance at the meetings were encountering in the field.

Mr. ANDERSON. Could you identify what those were?

Mr. GRAVES. I would defer to Mr. Geffner on that.

It might be better, Mr. Chairman, to provide you with a summary of those meetings, rather than try to describe them from memory.

We will send it in for the record.

[The following was received for the record:]

MEETINGS OF HUD REGIONAL OFFICE RELOCATION STAFF

On June 15, 1972, in testimony before the Subcommittee on Roads of the House Committee on Public Works relative to amendments of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, former Assistant Secretary Samuel C. Jackson stated that "within a few weeks our Regional Relocation personnel will be meeting to discuss better and more efficient ways of administering the Act."

The meeting that Mr. Jackson referred to took place in Washington on June 28, 29, and 30, 1972. It was attended by the Relocation Advisors from each of the Department's ten Regional Offices.

At this point in time, HUD was gearing up for preparation of the Annual Report to the President required by Section 214 of the Act. As you know, an important feature of that report deals with the experience of the Department in administering the Act. Hence, part of the June meeting was directed toward assuring that HUD field staff fully understood the reporting mechanisms to be utilized in gathering relocation data and the importance of obtaining accurate and complete information so that the Department would have a sound basis for assessing the impact of its relocation programs.

In addition to sessions on reporting, there were sessions devoted to discussions of the role of HUD field staff in providing advice and assistance to local agencies. We stressed the need for our relocation staff to spend a significant portion of their time working with local agencies in the field so as to assure that the local officials directly responsible for displacement and relocation activities understand the provisions of the Uniform Relocation Act and the Department's implementing procedures. In our view, such on-the-spot participation by HUD staff is essential if the objectives of the Act are to be fully realized.

A second aspect of the field visits, emphasized at the June meeting, was the utilization of on-site visits as the basis for evaluations of local relocation operations. The field staff were shown how the reports of their observations would be used as a major source of information for judging the overall effectiveness of the Act as carried out by HUD-assisted agencies nationally as well as a means for furnishing insights on emerging problems and suggestions for their solutions.

In addition to the sessions on evaluation and reporting, the June meeting also included sessions at which the participants had opportunities to exchange views on experiences in each of the Regions and to discuss technical problems relating to various aspects of relocation operations.

Mr. ANDERSON. Very good. Last year, Secretary Jackson stated that section 222 was a hasty approach to a complex problem. He stated that a review was underway on problems presented by section 223. Can you tell the committee what the outcome of that was?

Mr. GRAVES. It has had no outcome. We did undertake that review, and while it was underway, it was overtaken by principal events, particularly the action of suspending certain programs, and we are now looking at the relocation implications in the context of that review.

Mr. ANDERSON. Is the review abandoned?

Mr. GRAVES. No, it has been subsumed under this larger review, and my own view is that this is valuable because it enables us to look at the relocation issues in the context of the whole delivery of these programs to State and local governments.

Mr. ANDERSON. Now, last year, in his testimony, Mr. Jackson said they were getting information together for the Secretary on the problem of section 223. It was due by December 31. Can you tell the committee what happened to this information?

Mr. GRAVES. The information we originally developed has been updated and is presented in the table supplementing this statement, which I mentioned earlier. If we assume that all HUD existing commitments for subsidized housing outstanding as of January 5, 1973, can be honored in the remainder of this and the next fiscal year, then the extended coverage proposed in section 223 could have a substantial cost impact. Cost projections of this expanded relocation assistance coverage are provided in the table.

Mr. ANDERSON. Now, last year we discussed a study by the Arthur D. Little Co. on various facets of the relocation program. Can you tell us why there has been such a holdup in releasing this study?

Mr. GRAVES. I will have to check on that, Mr. Chairman.

Mr. ANDERSON. Thank you.

Mr. GEFFNER. Is that in relation to Project Rehab?

Mr. ANDERSON. Yes. You can submit that answer at a later time.

[The following was received for the record:]

ARTHUR D. LITTLE, INC., STUDY OF REHABILITATION

A question was raised by Mr. Anderson, respecting "a study by the Arthur D. Little Company on various facets of the relocation program" and "why there had been such a holdup in releasing the study." The facts with respect to the Arthur D. Little study are as follows:

In June 1970, as part of its Project Rehabilitation effort, the Department of Housing and Urban Development contracted with Arthur D. Little, Inc., for evaluation of large-scale inner-city housing rehabilitation. The work included in-depth studies of rehabilitation in 15 cities. The purpose of the study was to provide not only a comprehensive evaluation of rehabilitation, but also to develop considerable training materials. The original work program called for studies with respect to relocation.

In July 1971, the contract was amended to authorize the preparation by the contractor of a series of specific issue studies on problems that were deemed worthy of further detailed study. Pursuant to this amendment to the contract, Arthur D. Little, Inc., identified three areas for further study, one of which was relocation. HUD authorized the contractor to go forward with respect to the studies. The first item which the contractor completed for the supplementary relocation study was a 20-page booklet entitled "Project Rehab and the Uniform Relocation Assistance Act." This was produced under a small subcontract with a consultant. After this was reviewed by HUD, it was determined that it was of very limited usefulness and that the expense of printing for public distribution was not warranted. It was also decided that no further work should be done by the subcontractor on the relocation study.

The final report of Arthur D. Little Company, Inc., included a technical paper on relocation as a part of a proposed training manual as well as observations by the contractor on relocation activities in the cities studied where Project

Rehab had been carried out. A copy of the final report of the study was furnished to the Subcommittee last year, following former Assistant Secretary Samuel C. Jackson's appearance at the hearings on the then-proposed amendments of the Uniform Relocation Act. The total cost of the study was \$748,980.

Mr. ANDERSON. Mr. Zion.

Mr. ZION. Mr. Graves, I appreciate your testimony. It is quite thorough. It raises a question. You state:

The Comptroller General of the United States in an opinion dated November 5, 1971, resolved this difficulty, however, by declaring that 100 percent Federal funding of the cost of relocation payments pursuant to the Uniform Act could continue for the duration of all projects in execution prior to the effective date of that statute.

In your opinion, is this really all projects that require moving, relocation, or just those projects under HUD?

Mr. GRAVES. I believe that the opinion covered all projects.

Mr. ZION. All projects—

Mr. GRAVES. No; I am sorry. It did apply only to HUD projects.

Mr. ZION. Just to HUD projects. Thank you. No further questions.

Mr. ANDERSON. Counsel.

Mr. CORCORAN. Mr. Graves, on programs that you have mentioned that we covered in section 223, many of them have been suspended.

What has happened to those people that have been affected by these programs? There were several projects that were ongoing under sections 235 and 236. What has happened to these people? Are they going to get relocation benefits, even though the program has been suspended? Are their homes still going to be taken?

Mr. GRAVES. Under the projects which were approved and are under way, in other words, where there has been any departmental commitment prior to the suspension, properties may still be acquired under certain programs.

Mr. CORCORAN. Are the affected people receiving all the benefits of the act?

Mr. GRAVES. At the present time, only if the act covers those projects.

Mr. CORCORAN. The HUD guidelines eliminates those programs, not the act; isn't that right?

Mr. GRAVES. Well, the act itself does not cover those programs. That is right.

Mr. CORCORAN. You say, "New projects are not being approved under these programs, although existing commitments are, of course, being honored."

This would cover your projects under Project Rehab and any other project like that?

Mr. GRAVES. That is right.

Mr. CORCORAN. Just one more question.

Mr. GRAVES. One point on that. Would you mind correcting your copy of the remarks on that full paragraph which, on your copy, says, "New projects are not being approved."

Mr. CORCORAN. Yes, sir.

Mr. GRAVES. To be exact, it should be "new applications are not being accepted."

Mr. CORCORAN. Are you familiar with the situation in Florida that we heard testimony on yesterday?

Mr. GRAVES. I did see the remarks yesterday, yes.

Mr. CORCORAN. Are their commitments going to be honored? They testified HUD had given them a few days time and unless they met commitments the money lost would be reallocated for Florida.

Mr. GRAVES. It may happen, sir.

The issues surrounding that project are much broader than those other questions. There are questions of feasibility, and so forth, that will have to be resolved. The reallocation issue is not——

Mr. CORCORAN. I thought the application had been approved.

Mr. GRAVES. No, it had not. We had made a preliminary allocation of funds in anticipation of certain problems being resolved, and as of now, they have not been resolved.

Mr. CORCORAN. You state:

Further, as far as we know, there has been little if any decrease in the scope of activities in such projects due solely to the inability of localities to meet their share of the cost of relocation.

Isn't this just because programs are not being funded? Is that what that really means?

Mr. GRAVES. Well, there have been a reduced number, but nonetheless, a significant number of projects approved since that time.

Mr. CORCORAN. Since January 5?

Mr. GRAVES. Not since January 5, but since July 1.

Mr. CORCORAN. All right. Last year, we got into discussion about Project Rehab.

Mr. GRAVES. Yes.

Mr. CORCORAN. Is Project Rehab suspended now?

Mr. GRAVES. Yes, except that outstanding commitments will be honored.

Mr. CORCORAN. And anything that was being done on Project Rehab has been stalled at the moment?

Mr. GRAVES. Anything that had been approved is continuing. The effect of the suspension was not to renege on prior commitments, but rather to cease any new commitments.

Mr. CORCORAN. Mr. Jackson's testimony last year, and if I could go back to it, he states that:

Mr. Romney is studying the problem of section 223, and he will make recommendations to the executive branch on what he believes will be the best way to solve the problems.

Have these recommendations been made?

Mr. GRAVES. No, they have not been completed. As I pointed out, the larger events of the program in the view of the Department have, in effect, caused that process of review to subsume, and the review is continuing, but in the aspect of the broader issues of what the best ways are to meet the Nation's housing needs.

Mr. CORCORAN. On that study, again, when you come back with information on the study, could you give the committee, for the record, the total cost of the Arthur D. Little study?

Mr. GRAVES. Yes.

Mr. CORCORAN. With regard to your point on noncoverage of the act, this matter is in the courts right now. It is subject to litigation with respect to Project Rehab?

Mr. GRAVES. Yes.

Mr. CORCORAN. The chairman of this committee wrote to Secretary Romney last year, disagreeing with your conclusion.

Mr. GRAVES. Yes.

Mr. CORCORAN. Has the study of this problem been discontinued?

Mr. GRAVES. No, it has been subsumed.

The Project Rehab is a very specific program which is rather unique in the way we do business as well as the way the Federal Government does business.

The finding of applicability, I think, did turn on what, in our opinion, was a legal issue, whether, in effect, we could legally extend payments outside of urban renewal and model cities areas which are covered by the act, and it is still our opinion that our position applies.

Mr. CORCORAN. Thank you.

Mr. ANDERSON. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. No questions.

Mr. ANDERSON. Thank you, Mr. Graves.

Our next witness will be Mr. Gerrit D. Fremouw, Director, Facilities Engineering and Construction Agency, Department of Health, Education, and Welfare.

Mr. Fremouw, would you be seated and introduce your cowitnesses.

Mr. FREMOUW. Thank you, Mr. Chairman.

On my left I have Mrs. Gertrude Lotwin. She is Chief of the Assistance Standards Branch, Assistance Payments Administration of the Social Rehabilitation Services.

On my right is Mr. Frank Fitzmaurice. He is Chief of Policy Development, Staff Facilities Engineering and Construction Agency, Office of the Secretary of HEW.

Mr. ANDERSON. Thank you.

STATEMENT OF HON. GERRIT D. FREMOUW, DIRECTOR, FACILITIES ENGINEERING AND CONSTRUCTION AGENCY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY GERTRUDE LOTWIN AND FRANK FITZMAURICE

Mr. FREMOUW. Mr. Chairman and members of the subcommittee.

I am pleased to appear before the committee on behalf of the Department of Health, Education, and Welfare. I am Director of the Department's Facilities Engineering and Construction Agency, FECA. This agency is responsible for providing architectural-engineering services to the seven operating agencies of the Department, for both direct Federal or 100 percent federally funded projects, and federally assisted, or grant and loan, projects. At the Washington level, we develop the policies and procedures for implementation by our 10 regional engineering offices. These 10 offices participate in the development of federally assisted projects from design through the construction process; and they have complete responsibility for directing the design and construction of special purpose Federal projects, such as Indian Health Service Hospitals and schools on military posts. The Agency is also responsible for the management of some 43 million square feet of space owned and/or utilized by the Department throughout the country.

The Facilities Engineering and Construction Agency has been delegated responsibilities for the Uniform Relocation Assistance and Real

Property Acquisition Policies Act of 1970. In our 2 years experience with the act we have had only six projects involving displacement of persons and businesses. I should like at this time to review HEW's implementation of the act.

In June 1972, the HEW Secretary designated the Director of the Facilities Engineering and Construction Agency as the official responsible for departmentwide policies, procedures, and regulations in implementation of the act. He also designated the individual operating agency heads as responsible for the administration of relocation payments and services on the projects which they approve. In developing HEW relocation policies and procedures, we have coordinated with the other Federal agencies, including Department of Transportation and Housing and Urban Development, in an effort to achieve inter-agency uniform implementation of the act.

The handbook of procedures which we developed is substantially modeled after the procedures of the Federal Highway Administration. We published the relocation regulations in 1971 and have recently revised them pursuant to OMB Circular A-103—Guidance for Agency Implementation of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The revised regulations are now being cleared in the Department and shortly will be sent to the "Federal Register" for publication. When they are published, we will send a copy of those regulations to the committee for their information.

Since the Federal Highway Administration and HUD have substantially more experience than HEW in relocation programs, we hope to use their services on individual projects on a reimbursable basis.

The principal HEW programs affected by this act are the following construction programs:

(1) Hill-Burton medical facilities—Title VI of the Public Health Service Act—this program authorizes construction and renovation assistance for hospitals, public health centers, long-term-care facilities, outpatient facilities, rehabilitation facilities, and general hospital emergency rooms.

(2) Mental health centers and alcoholism and narcotic treatment facilities under the Community Mental Health Centers Act.

(3) Health teaching facilities under title VII of the Public Health Service Act.

(4) Nurse training facilities under title VIII of the Public Health Service Act.

(5) Cancer research centers under the National Cancer Act of 1971.

(6) Facilities for the diagnosis, treatment, and care of persons with developmental disabilities under the Developmental Disabilities Services and Facilities Construction Act.

(7) Vocational rehabilitation facilities under section 12 of the Vocational Rehabilitation Act.

(8) Higher education facilities under title VII of the Higher Education Act of 1965, including assistance for public community colleges and technical institutes, other undergraduate academic facilities, and graduate academic facilities.

(9) Public school construction in federally impacted areas under school construction in areas affected by Federal activities, Public Law 81-815.

(10) Public libraries under title II of the Library Services and Construction Act, Public Law 84-597.

(11) Research facilities under section 4 of the Cooperative Research Act, Public Law 83-531.

In addition, there are other programs under which the Department provides financial assistance which could be used for projects involving the displacement of individuals.

Relocation payments have been authorized on six HEW projects—three public libraries, one mental health center, one vocational educational school, and one community narcotic treatment center. Approximately 48 persons and families and four businesses have been displaced or will be displaced. Relocation costs have not been computed for some of those displacements, and the \$45,000 relocation payments authorized to date does not reflect the total amount of relocation payments we are obligated to reimburse to the displacing agencies. A brief description of the six projects follows.

Wayne County, Mich., Drug Center: The National Institute of Mental Health has approved \$891,000 for a halfway house project for narcotic addicts in the city of Detroit. Two houses have been acquired for this project and 19 tenants will be displaced. Our grantee, Wayne County—the displacing agency—informs us that the relocation phase of the project has not been completed and all relocation payments have not been computed.

Public Library in Omaha, Nebr.: Office of Education funds allotted \$120,000 to the State of Nebraska under the vocational education program was used to finance partially the construction of a \$400,000 public library extension in Omaha. Eight families, one of which was the property owner, were displaced by this project. The HEW regional office staff requested the assistance of the local housing authority in relocating the displacees. All families have been relocated and relocation payments and services amounted to \$18,000. The Federal Government paid 100 percent of this cost.

Community Mental Health Center in Ketchikan, Alaska: The National Institute of Mental Health is participating in this project which involves the acquisition of a convent occupied by nine nuns and conversion of the facility to a mental health center. Displacement of the nuns, who have another house to move to, will occur this spring when the construction season once again begins in Alaska. At this time, \$600 in moving costs have been authorized.

Public Library in Napa City, Calif.: \$500,000 of Federal funds under the OE library construction program is being used to construct a \$1.3 million public library in Napa Valley. Four businesses will be displaced, and the displacing agency estimates relocation costs will be about \$25,000.

Public Library in St. Louis, Mo.: \$74,000 of Federal funds under the OE library construction program will be used for the construction of this library in St. Louis. Two families will be displaced, and replacement housing has been obtained for one of them. Relocation costs for the one family are estimated at \$500.

Vocational Educational School in Fayette County, W. Va.: \$1 million of Federal funds from the OE program, vocational education, and from the Appalachian Regional Commission are assisting in the development of the new \$1.2 million Fayette County Vocational Education

Center. This project involves the acquisition of a 64-acre tract of land and the displacement of three people living in an old farmhouse. The property has been condemned and just compensation awarded. The people have not yet been displaced, nor has replacement housing been located, so we do not know at this time what the relocation costs will amount to.

We have gone to substantial effort to assure that we are aware of all HEW projects causing displacement of people. All affected HEW agency program staffs have been alerted to the requirements of this act and have surveyed their projects to determine whether any persons or businesses will be displaced. In addition, we have reviewed the information on HEW projects submitted by FECA's own staff of engineers in the regions. On the basis of all these efforts, we believe that we are aware of all projects causing displacement, and no one has brought to our attention any such projects of which we were previously unaware.

The relatively low number of HEW projects which displace people is the result of a combination of factors. As you know, the law applies only to the acquisition and displacement by projects sponsored by a State agency and does not apply to private nonprofit projects. We estimate that, of the 1,569 projects approved by HEW since the effective date of the act, 828 are publicly sponsored and 741 privately sponsored. Our experience indicates that generally the public agencies have owned the site for some time and there is no displacement of persons involved. I wish to point out also that relocation activities associated with any HEW project in an urban renewal or model cities area are handled by the Department of Housing and Urban Development.

The acquisition of space for social security offices throughout the country resulted in some displacement of persons; however, the General Services Administration acquires space for SSA and is also responsible for the resultant relocation payments and services. For the record, 72 persons were displaced last year by SSA projects, involving some \$28,000 in relocation costs.

The Department itself has not displaced anyone from its acquired property in the last several years, nor do we at this time anticipate any displacement in the future. We anticipate acquiring one or two sites a year, and they are usually from property excess to the needs of other Federal agencies.

Our estimated current workload for fiscal year 1973 involves approximately 10 projects displacing people, with estimated relocation costs of \$225,000. We do not anticipate that our relocation workload for the next fiscal year will be any greater.

Proposed amendments to the act: The committee has before it several proposals to modify the act. Most of the provisions do not significantly affected HEW, and we will confine our comments to the following major points:

H.R. 3271, a bill to amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to provide for minimum Federal payments for 4 additional years, would, under its section 223, extend coverage of the act to all persons displaced by either public or private nonprofit sponsored projects under specified programs, including three of HEW's programs: The Hill-Burton medical facilities program, title VI of the Public Health Service Act; the

health research programs under section 301 of the Public Health Service Act; and the academic facilities programs under the Higher Education Facilities Act of 1963, which is continued by title VII of the Higher Education Act of 1965. The bill provides that when any project under one of these authorities would result in the forced displacement of any person, then relocation payments and services under the act would apply. For the committee's information, I am submitting for the record a brief statement on review procedures under the three HEW programs, exhibit 1.

[Exhibit 1 follows:]

EXHIBIT 1

HEW PROCEDURES FOR EVALUATING PROJECT PROPOSALS

SEC. 301 OF THE PUBLIC HEALTH SERVICE ACT

This section authorizes a program of grants to universities, hospitals, laboratories, and other public or private institutions for health research or research training. Applications or proposals are submitted to the National Institutes of Health in Bethesda. The proposal is then referred to a study group that prepares a preliminary evaluation for the consideration of a statutorily established National Advisory Council. The Council evaluates the proposal and recommends approval or disapproves it. Approvable projects are assigned priorities by the Council for funding purposes and referred to the Secretary of HEW. The Secretary can then approve proposals based on the recommendations of the Council but he cannot approve a proposal not recommended by the Council.

Under this section, acquisition of sites or facilities is incidental to the purpose of the section—providing assistance for health research. Acquisition and construction authorizations are in other titles of the PHS Act. Conceivably, persons could be displaced by projects authorized under this section but we are not aware of any projects that have caused such displacement and we would not anticipate any relocation activity on projects funded under Section 301.

TITLE VI OF THE PUBLIC HEALTH SERVICE ACT

This title authorizes financial assistance for the construction and modernization of hospitals and other medical facilities. Both public and private non-profit institutions submit proposals to a State agency for evaluation and recommendation based on a plan of State-wide needs for medical facilities. Projects recommended for approval are then submitted by the State agency to the HEW Regional Office. Regional Office program and technical staff evaluate projects and approve them or attempt to resolve any difficulties.

The displacing agency under this program would be the project sponsor, the HEW grantee.

TITLE VII OF THE HIGHER EDUCATION ACT OF 1965

Title VII of the Higher Education Act of 1965 authorizes a program of financial assistance to public and private non-profit institutions of higher learning for the acquisition and construction of educational facilities. The project sponsor submits a proposal to a State agency that evaluates the proposal based on a State-wide plan. The State agency can recommend the project for approval and refer it to the HEW Regional Office or it can defer or reject the proposal. Only projects referred by the State agency can be evaluated by HEW and approved.

The displacing agency under this program would be the project sponsor, the HEW grantee.

Mr. FREMOW. While the amendment would bring relocation coverage to both public and private projects under our three larger HEW programs, by no means would it cover all our programs that could displace people. For example, persons displaced by private nonprofit health teaching facilities funded under an NIH program would not be covered even under the proposed amendment.

We think that the amendment as it now reads would create inconsistencies in the entitlement of those displaced. Some would be eligible for benefits and some would not. We suggest that the committee may want to reconsider this proposal.

H.R. 3271 would amend section 211(a) of the act to extend from July 1, 1972, to July 1, 1976, the period of time during which the Federal agency shall pay the full amount of the first \$25,000 of the cost to a State agency, or to a person, of providing payments and assistance for a displaced person under sections 206, 210, 215, and under the proposed new section 223(a). A similar extension for 2 years to July 1, 1974, is proposed to cover incidental acquisition and litigation expenses under section 305 of the act. We oppose such extension. Relocation costs, as well as incidental acquisition and litigation expenses, should be considered the same as any other project cost and should be reimbursed to the project sponsor on the same basis as other costs. To provide a larger percentage of Federal assistance for relocation costs than for site acquisition costs or construction costs, would tend to lessen the project sponsor's interest in minimizing the disruption of persons in making a site selection.

A new section 222 to the act is proposed in H.R. 3271. This new section would authorize, during the period July 1, 1972, to June 30, 1973, loans to a State agency which is not in compliance with the act when payments provided for under the act exceed \$25,000. As a result of these provisions, the Federal agency would be responsible for paying all relocation costs, but such costs in excess of \$25,000 would be repaid by the State. HEW opposes this amendment. Our records show that all but seven States are now in full compliance with the act insofar as HEW programs are concerned. The act should encourage compliance rather than provide interim assistance to noncomplying States. We understand that some of the State legislatures now meeting are considering enabling legislation to meet the requirements of the Uniform Relocation Act, and we believe, therefore, that the proposed section 222 is neither desirable nor necessary.

I would also like to comment briefly on H.R. 4279. The existing section 216 of the act provides that payments under title II of the act shall not be counted as income for Federal internal revenue purposes or for the purpose of determining eligibility for assistance under the Social Security Act or other Federal laws. H.R. 4279 would modify the existing provisions by making an exception to this general requirement and permitting relocation payments to be considered as income for the purpose of determining eligibility for adult assistance, aid to families with dependent children, and medicaid under the Social Security Act.

The Department opposes this proposed amendment to section 216. Payments are made under the Relocation Assistance Act to reimburse displacees for the costs of their relocation. We see no reason for considering these payments as income in determining eligibility for public assistance with the result that in some cases eligibility for that assistance would be lost. Recipients should not lose public assistance to which they would otherwise be entitled merely because they have been reimbursed for costs incurred for their displacement and relocation in connection with a Federal or federally assisted project.

At the same time, the Department is aware that some local officials have confronted situations in which duplicate payments for relocation costs have been made under the Uniform Relocation Assistance Act and public assistance programs. We share the view that these duplicate payments should be avoided. However, we do not believe that legislation is required to achieve that objective. Instead, the Department supports administrative action to assure that information regarding relocation payments under the act is made available to State and local social service and welfare officials. We urge the States, for their part, to use this information in determining the benefits which they provide under their public assistance programs for relocation costs so that duplicate payments are not made.

This concludes my prepared statement, Mr. Chairman. I would be pleased to answer any questions you and your colleagues may have.

Mr. ANDERSON. Thank you, Mr. Fremouw.

Mr. Fremouw, could you tell us who represented the Department of HEW on the relocation task force which was set up under the Office of Management and Budget?

Mr. FREMOW. I represent the Department, and Mr. Frank Fitzmaurice of my office works virtually full time, on relocation matters.

Mr. ANDERSON. You do represent them on the interagency task force?

Mr. FREMOW. Yes, sir.

Mr. ANDERSON. Counsel?

Mr. BARNETT. Mr. Fremouw, questions have been directed to Mr. Bartlesmeyer and Mr. Graves concerning any disruption of projects as a result of the lapse of the 100 percent funding.

Did you hear the questions earlier this morning?

Mr. FREMOW. Yes, sir.

Mr. BARNETT. Could you comment on that for your agency?

Mr. FREMOW. We have taken the position that relocation costs should be placed on the same basis as the rest of the project, and it appears to me that it must be quite a marginal project that does not have sufficient funds to take care of all expenses in conjunction with the relocation of people on the job. We do not believe that we should separate relocation costs from the total cost of the project.

Mr. BARNETT. Then there would be no lapse of, say, project initiation or construction as a result of this to your agency.

You have experienced nothing of this sort?

Mr. FREMOW. We have experienced nothing like this.

All of our grant and loan projects have to show the financial capability to complete the projects.

Mr. BARNETT. Thank you.

Mr. ANDERSON. Counsel?

Mr. CORCORAN. Mr. Fremouw, would you supply some information on the budget request concerning title 6 of the Public Health Service Act, section—I am talking about what we included in last year's bill, section 223, the programs HEW covers that are included in H.R. 3271, how much money are we talking about: the size of the programs.

Could you supply that for the record?

Also, you talk about revising your regulations.

Mr. FREMOW. Yes.

[The following was received for the record:]

INFORMATION ON HEW PROGRAMS FOR FISCAL YEAR 1974

	Additional projects	Additional cost at 10 percent Federal funding
Cost data relating to section 223 (H.R. 3271) expanding program coverage:		
Hull-Burton (sec. 601 of PHS Act).....	1	\$25,000
Section 301 of PHS Act.....	0	
Higher Educational Facilities, 20 U.S.C. 716.....	2	50,000
Total.....	3	75,000
HEW programs not covered by section 223:		
Health Manpower Training (42 U.S.C. 293).....	1	\$325,000
Cancer Research (Public Law 92-218).....	1	25,000
Mental Health (42 U.S.C. 2681).....	1	25,000
Developmental Disabilities (Public Law 91-517).....	1	25,000
Vocational Rehabilitation (29 U.S.C. 31).....	1	25,000
Total.....	5	425,000

¹ This includes about \$300,000 for a project at Tuft's University in Massachusetts for business relocations.

Mr. CORCORAN. What type of revision was made by circular A 103?

Mr. FREMOUW. This is to bring uniformity between the different agencies under the skillful guidance of the Office of Management and Budget. The revisions are primarily procedural and not substantive.

In other words, the Office of Management and Budget is acting as a central contact point to achieve, among other things, a system of similar payments by the various Federal agencies.

Mr. CORCORAN. The Uniform Relocation Act became effective 9 months ago, and the regulations have not been published yet.

Mr. FREMOUW. We published our original regulation in September 1971.

Mr. CORCORAN. Yes, but these are revised ones.

Mr. FREMOUW. Last December we published in the Federal Register proposed revised regulations, and we expect our final revised regulations to be published within the next 2 weeks.

Mr. CORCORAN. The point I am getting at, these regulations would help the State administer the act. Isn't that so?

What I am getting at is that there is a 9-month lag in getting your regulations finalized.

Mr. FREMOUW. Well, they have had guidance from us.

Mr. CORCORAN. I understand that, but this affects the takeover by the State of the program.

Mr. FITZMAURICE. I might say that we have published in reference to this testimony, a 70-some page handbook of procedures. When we put that out, that was last June, circular A 103 had already been promulgated. Not only in that document, but in several documents since then, we have offered the guidance which we thought was necessary to disseminate immediately. We anticipated a time delay in revising and publishing our regulations—as you probably know, it is quite a time consuming procedure, to develop, solicit comments and clear a document for the Federal Register and our Department has seven agencies affecting many programs. We did get out piecemeal certain pieces of information to meet the point that you raised knowing that our revised regulations would not be published for several months.

Mr. CORCORAN. Thank you.

Mr. FREMOW. For your information HEW administers approximately 37 different programs covered under this act.

Mr. CORCORAN. I wanted to ask you one more question.

When you talked about programs that we did not cover, and you mentioned the NIH program, do you think we should add another program to our bill?

Do you think we should look at HEW a little more closely and add a few more programs?

Mr. FITZMAURICE. Well, we are just suggesting, that the committee may want to reconsider expanded coverage under section 223 because we are aware of one project up at Tufts University that would not be covered even under section 223.

Mr. CORCORAN. Right.

That is what I wanted to talk about.

Mr. FITZMAURICE. And we are suggesting that the committee may want to reconsider this suggestion or proposal, we are just pointing out that there are other programs not covered under section 223 and this one project happens to be under the cancer research program.

Mr. CORCORAN. It was my understanding that this was covered under section 301 of the Public Health Service.

Mr. FITZMAURICE. It was not. That is basically research, and NIH is primarily, I think, titles 7 and 8, and that is what you might say are the construction authorities.

We are not aware of any construction under section 301 of the act.

Mr. CORCORAN. What is the status of that Tufts University project now?

Mr. FITZMAURICE. The last we heard, now, and this was several weeks ago, that they were moving forward only. It is a rather substantial project, but the last knowledge we have is that they are moving forward. I am sure they are quite interested in what would happen to the amendment of the act.

Mr. CORCORAN. Thank you.

Mr. ANDERSON. Thank you, Mr. Fremouw, for your testimony, and that of your cowitnesses.

Our next witness will be Mr. Dwight Ink, Assistant Director, Office of Management and Budget.

Mr. Ink, would you identify your cowitnesses?

Mr. INK. Yes, Mr. Chairman.

To my left is Mr. Jim Currie, who is Director of our Procurement and Property Management Branch, and to my right is Mr. Joseph D. Cohn, a member of the branch, and he has headed up the relocation work in the Office of Management and Budget, and spearheaded the interagency effort that HEW just referred to.

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

Mr. INK. 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 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 H.R. 3271 or identical bill S. 261, which was passed by the Senate on February 2, 1973. Accordingly, I will confine my testimony to H.R. 3271.

Subsections (a) and (b) of H.R. 3271 would amend sections 207 and 211(a) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 to reinstate the transition provisions requiring the United States to pay the full cost of the first \$25,000 of the cost of providing relocation payments and assistance until July 1, 1976, and of other new acquisition payments required in title III until July 1, 1974.

Section 207 of the act provides that whenever real property is acquired by a State agency and furnished as a required contribution incident to a Federal program or project, the Federal agency having authority over the program or project may not accept such property unless such State agency has made all the relocation payments and provided all assistance and assurances required of a State agency by sections 210 and 305 of the act. This section requires the State agency to bear the expense of relocation and other new acquisition costs as a cost of the real property acquired. 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 contributed the first \$25,000 of the cost of providing relocation payments and assistance and other new acquisition payments required in title III.

Section 211(a) of the act provides that relocation and other new acquisition costs incurred by a State agency 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 to such State agency. It 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. As in the case of the additional cost covered by section 207 of the act, section 211 also provided a transition period until July 1, 1972, during which the Federal Government paid 100 percent for these relocation and other new acquisition costs up to \$25,000 to give the State agency an opportunity to budget for the additional cost of the program or project. We believe the transition period was reasonable and agreed to its inclusion in section 211 (a).

The Office of Management and Budget strongly opposes amending sections 207 and 211(a) of the act to reinstate the transitional requirement that the Federal Government contribute the first \$25,000 of the cost of providing relocation payments and assistance and other new acquisition payments required by title III. The act gave State agencies 18 months from the date on which it became law to prepare for sharing of relocation costs. It has now been over 26 months since enactment. We believe the State agencies have had adequate time to make the necessary preparations. We are unaware of any valid reasons for extending the transition period as required by H.R. 3271.

In the case of projects covered by section 207 of the act, the reinstatement of the transition period would set aside the legitimate obligation of a State agency to furnish relocation payments and assistance on donated land incident to a project by requiring the Government to share in its acquisition costs. Relocation expenses and other new costs incurred when land is acquired are essential elements of the cost of the land and should be borne by the agency responsible for paying for the land acquisition. Thus, the State agency required to furnish land incident to a Federal project should also be required to pay the relocation costs and other new costs which are basic to land acquisition.

In the case of projects covered by section 211(a) of the act, we believe that relocation costs are no different from any other element of project costs and should be treated the same in determining the Federal grant amount. As a consequence, they should be subject to the usual requirements for cost sharing. Further, if local agencies were required to pay a share of relocation costs, they would be more careful, we believe, about site selection and thus reduce the amount of wasteful and unnecessary displacement of people. The selection of sites where displacement will be minimal would be beneficial both from a cost point of view and, more importantly, to people who otherwise would needlessly be uprooted from existing homes.

On the other hand, the payment of 100 percent relocation costs by the Federal Government would remove an incentive for State and local agencies to reduce relocation and resultant costs by considering alternative sites or redesign of projects. In fact, in some instances, 100 percent Federal funding can have a reverse effect on efforts to minimize project costs since exclusion of relocation cost considerations might cause State agencies to select low acquisition cost property in areas with a high population density of poverty level families. In such cases, the total cost of land acquisition and family relocation may be greater

to the taxpayer than an alternate but higher land value site when all costs are considered. But most of all, these cases would cause needless mass displacement of people.

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 may affect the ultimate cost of a project. It does not follow, however, that the Federal Government should cover all the costs of meeting these requirements. After all, in each case the Federal requirements, including those concerning relocation, are voluntarily accepted in order to participate in Federal grant programs.

We understand that another of the major reasons given for reinstating 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 belief that some State and local governments are facing a "fiscal crisis." We do not believe that distorting the sharing provisions of programs covered by section 207 and section 211(a) of the act is the way to deal with fiscal problems of State and local governments.

We believe the President and the Congress showed their appreciation for the fiscal pressures on local government last year by enacting general revenue sharing legislation. This legislation will provide \$30.2 billion to State and local governments over a 5-year period. Approximately \$5.1 billion has already been distributed for calendar year 1972. The Office of Management and Budget strongly opposes subsections (a) and (b) of H.R. 3271.

Subsection (c) of H.R. 3271 would add section 222 to the act which would authorize the head of a Federal agency, between July 1, 1972, and July 1, 1973, to loan a State which is not in compliance with the act, such sums in excess of the first \$25,000 as are necessary to provide all assistance required by the act. The purpose of the new section appears to be to provide a means to enable such States to make payments pursuant to the act by borrowing from Federal agencies. We oppose this amendment since most States are in compliance with the act and the provisions of the law should encourage compliance rather than continue to provide interim assistance. It is difficult for us to understand why States have not had adequate time to come into compliance with the act, especially when their legislatures are in session. We would also anticipate administrative problems in enforcing repayment of the loans by noncomplying States and State agencies.

Subsection (d) would amend the definition of State agency in section 101(3) of the act to include a State. We have no objection to this provision.

Subsection (e) of H.R. 3271 would amend the definition of a displaced person in section 101(6) of the act to require lawful occupancy and would establish the presumption that occupancy shall be deemed prima facie evidence of lawful occupancy. The burden of proving unlawful occupancy shall be on the party alleging unlawful occupancy. We support this amendment.

Subsection (f) of H.R. 3271 would add sections 223 and 224 to the act. New section 223 of the act would extend the benefits of the act to persons involuntarily displaced by nine specified Federal programs which may be undertaken by persons other than a Federal agency, a State, or a State agency.

As presently written, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 covers only those persons displaced directly or by an agency of the Federal Government, a State, or a State agency. We appreciate this committee's consideration of the concerns which we and others expressed last year with respect to the Senate proposal in S. 1819 to extend the benefits of the act to all displacements caused by programs or projects financed by the Federal Government. Your action to limit the scope of the extension to specific programs was a significant improvement over the initial proposal.

We continue to be troubled, however, by our inability to determine whether the proposed section 223 will have the desirable result of assuring that benefits of the act will be available to all displacees in comparable circumstances. It is not clear to us what criteria are to be applied. In the absence of a governing principle to guide the selection of programs, if any, which should be favored for relocation benefits, we are unable to make a judgment as to whether eligibility should be extended to those programs listed in the bill, if other programs should be substituted or added, or whether entitlement should be based on other grounds.

In addition to the above general concern regarding the extension of relocation benefits, we believe there is a more immediate need to question the desirability of the proposed section 223 at this time. The impact of the legislation would be minimal in those areas where greatest displacement would occur—in multifamily housing subsidy programs of the Department of Housing and Urban Development, as HUD testified earlier, the HUD-subsidized housing programs have recently been suspended pending review of program deficiencies and evaluation of alternatives, and no new commitments are being made. It would be appropriate, in our opinion, if the problems of displacement caused by these programs, could be considered within the context of this overall housing program review.

In view of the above concerns, we would be opposed to any extension of requirements and benefits as proposed in H.R. 3271.

New section 224 of the act would provide that no agent of the Federal Government, for purpose of assuring compliance with the act, may prohibit the removal of vacant improvements located on real property acquired in connection with a federally assisted project. The agencies advise us that this section is not necessary. The Department of Transportation advises us that the use of the word "removal" could create problems. This could include not only demolition, but owner retention and removal and other methods of clearing property. If the section is to be included, it would be preferable to change "removal" to "demolition" when it appears in the section.

Section 2 of H.R. 3271 would amend section 202(a)(2) of the act to provide for the payment of actual direct losses without regard to the relocation expenses when it is impractical to determine those expenses. We are not aware of any need for this provision. Furthermore, no one has brought to our attention any circumstances when it would

be impractical to determine relocation expenses. We believe that the provision in the act sets an upper limit to the amount of direct losses that should be recognized. Accordingly, we oppose this amendment.

Section 3 of H.R. 3271 adds a new section 307 to title III of the act, which would permit an owner to donate to an acquiring agency only after he has been tendered the full amount of estimated just compensation. We believe that the words "after he has been tendered the full amount of just compensation" should be changed to read "after he has been fully informed of his right to receive just compensation." This would assure that property owners' rights are protected while, at the same time, avoiding the necessity of following detailed procedures leading to a determination of just compensation where an owner wants to donate his property.

Thank you, Mr. Chairman. This concludes my testimony. We will be happy to answer any questions that the committee may have, and, as I indicated, Mr. Currie and Mr. Cohn are here with me to join in my response.

Mr. ANDERSON. Well, thank you, Mr. Ink. In last year's testimony, you stated that general revenue sharing would not prohibit relocation costs from being included with other project costs. However, we have had testimonies the last 2 days which state that the revenue sharing does prohibit it as a revenue sharing cost. Could you please clear that up?

Mr. INK. I am not familiar with the testimony of the last 2 days.

The general revenue sharing funds are available for relocation costs except with respect to programs that are not covered by general revenue sharing. This exception is at the local level. And with respect to matching funds, revenue sharing is not to be used for the State and local matching share.

Mr. ANDERSON. What I have here is that the General Revenue Sharing Act is not subject to the Relocation Assistance Act, and that general revenue sharing cannot be used to finance any part of the local share of the cost of any project financed by other Federal funds, and therefore, general revenue sharing funds cannot be used for any project receiving Federal aid from any other source of revenue sharing.

Mr. INK. It is true that the requirements set forth in the Relocation Act do not apply to general revenue sharing. That, the Treasury Department tells us, I think, comes out of section 123 of general revenue sharing, which says that it will provide for the expenditure of amounts received under subtitle A only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

So that is true, and it is also true that the general revenue sharing cannot be used to provide the State and local matching shares, and I suspect that is what the testimony is referring to.

Mr. ANDERSON. Well, in last year's testimony you talked about section 223.

You stated that you did not have any solutions at the time for the problems that were addressed by section 223, and you stated that agencies are examining the problem.

Can you tell the committee what the results of this examination have been?

Mr. INK. This is the study that was referred to by HUD in its testimony, and they testified that this had been subsumed by the larger review of these programs which have been suspended.

Mr. ANDERSON. You said that that was just HUD.

Was it not all agencies that discontinued the study?

Mr. INK. The principal study had to do with HUD. We have looked at some of these other areas, and I believe the principal problems that we have encountered and have come to our attention relate to HUD.

There are some miscellaneous areas, but I believe the housing programs have represented the principal problem areas as we have moved forward, particularly 235 and 236.

Mr. ANDERSON. Mr. Mizell.

Mr. MIZELL. Thank you, Mr. Chairman.

Mr. Ink, you state:

Further, if local agencies were required to pay a share of relocation costs, they would be more careful about site selection and thus then reduce the amount of wasteful and unnecessary displacement of people.

When you referred to "local agencies", are you speaking of State as well as the local governmental bodies?

Mr. INK. Yes, I am. I probably should have phrased it in that way.

Mr. MIZELL. And then, you again address yourself to the possibility that because State agencies haven't had to take into consideration the possibility of, say, locating a highway in areas with a high population density area, that would require the relocation of many people, and this is something that might take place, if they did not have to share some of the costs.

Do you have any specific cases in mind that you could share with us for the record?

Mr. INK. Sir, I based this statement primarily upon my own experience in this business, and in working with projects, I think, generally speaking, there may not be a lot of flexibility in the basic location.

For example, for an urban renewal project, there may not be much choice with respect to the basic location, but maybe quite a lot of choice with respect to the exact parameters of it, the exact extent of the boundaries.

In case of a highway, it may have variables.

In some instances there are some very distinct options with respect to the general path of a highway, but many, many of the decisions that relate to building of highways relate to what the particular curvature is; whether it goes here or whether it goes a few feet, or a couple of properties to the right or to the left, and when you get into these areas, there are many factors that come into play of which moving people is one.

We do not take the position that this incentive is in every instance going to make a major difference.

In some instances, it may make no difference. But we think the uprooting of people is a very significant problem, and we would like to retain whatever incentive there might be to minimize that.

Mr. MIZELL. In your experience, do you have any figure in mind as to what the costs should be to the State or to the local agencies; what their share of the cost should be on these projects to make it accomplish the objective that you have here?

Mr. INK. Well, we would feel that this ought to be in the same percentage as other costs.

It ought to be the same ratio as the other elements of cost in the cost sharing, so if it were a 50-50 sharing for other costs, it ought to be 50-50 here.

If it was one-third/two-thirds, that is, one-third State, and two-thirds Federal, then that relationship should also apply in relocations, as we see it.

Mr. MIZELL. Well, I find myself in somewhat of an agreement with you, Mr. Ink, as making the State and the local governments be a little more responsive to the needs of the people as well as to making them take into consideration a portion of the cost of putting the project in a particular location. And, of course, as you said if it were a Federal-aid highway, their costs would be 10 percent of the relocation costs.

In urban renewal, under the President's proposal, should the special revenue sharing proposal be enacted by the Congress, then those revenue moneys can be used as part of the local government's costs to relocations under an urban renewal project.

Is that not correct?

Mr. INK. The special revenue sharing, as proposed previously by the administration, would be eligible for use.

The new proposal has not yet come forward to Congress, so I cannot make a commitment with respect to what is in the new bill. This was certainly our thinking in the bill that came forward last year for special revenue sharing.

Mr. MIZELL. Well, I thank you for your responses, and again, I find myself somewhat in agreement with the point that you make where some things that State and local governments are facing, a fiscal crisis, not any more so than the Federal Government is facing in this day and time, and I am interested in your suggestion while we are trying to shift decisionmaking and planning and responsibility back to the State and local government.

This might be an area where they can assume a little more responsibility.

Mr. INK. And we would think that a little incentive would be desirable here in an area which does affect the basically low-income people. That is where the hardship is greatest.

Mr. ANDERSON. Mr. Dorn.

Mr. DORN. I yield to the gentlelady.

Mr. ANDERSON. Ms. Abzug.

Ms. ABZUG. I am very puzzled.

We are prohibited from doing anything about relocation under general revenue sharing, and we really have no other measure of revenue sharing right now.

Can you honestly say before this committee, Mr. Ink, that there are any funds for relocation at this time, if we were to follow your proposals and not enact this legislation?

Right now.

Let us not talk about what might happen in some future either world or moment. Relocation has to take place.

Mr. INK. Yes. Under this proposal, the costs—the Federal share of relocation costs would be intact.

Ms. ABZUG. What would be the Federal contribution under your proposal?

Mr. INK. Well, this would depend upon the sharing ratio of an individual program, but in some instances, it would be 50 percent; in some instances, it would be three-quarters; some instances, two-thirds.

Ms. ABZUG. You just suggested that the cost be assumed by the local and the State governments. Is that not correct?

Mr. INK. No. What we are suggesting is that the State and local government continue the same share of cost in relocation that they do with respect to other costs for a particular project, and that relocation be handled in the same way as other costs, the same kind of sharing between State and Federal and local government.

Ms. ABZUG. Instead of what?

Mr. INK. Instead of this being singled out in a special way for 100-percent Federal reimbursement. And, of course, this transition period has expired, so what we are talking about is continuing the basis on which this is now being shared, at the present time.

Ms. ABZUG. But your testimony did indicate that there were no immediate funds under general revenue sharing, or there was some projection for some future time where there might be a way in which funds might be made available to pick up the State and local shares. Is that not correct?

Mr. INK. Well, first, general revenue sharing does provide overall assistance to State and local governments, and it does free up other funds. It frees up funds to be used for other purposes.

Ms. ABZUG. Yes. Well, we have had a lot of testimony before this committee, and other Members of the Congress, from mayors and Governors, who did support the general revenue sharing on just the proposition that you have just suggested, but they have come before us, and other committees, to testify that they find that they actually have been shortchanged. They never expected to have all their categorical grant programs being eliminated.

General revenue sharing was intended to help the State and localities, in addition to categorical grants in housing, in health programs, in locational programs, and all of the other programs which the President is now suggesting you drop.

Now, it is just impossible to sit here and listen to this administration day in and day out, tell us, "Go find the money. Dig it up in the streets." In the streets of New York, there is no money. I would like you to tell me how we are going to relocate poor people; despite the fact that you have cut off their housing, we still have some programs which we are continuing because they were in the pipeline. What are we going to do with respect to relocating those poor people?

Do we pick them up bodily and throw them into the street? You keep talking about the same money you gave us, which is not, in fact, any money, and I think it is about time that the reality was faced, particularly by your Department.

Mr. INK. Well, the assistance to State and local governments in 1974 is proposed for about \$10 billion more than in 1972. I think that is a fairly significant increase. I do not know of any other period in our time—

Ms. ABZUG. You mean the amount of money you are going to commit to the States and the cities?

Mr. INK. That is correct.

Ms. ABZUG. For all programs?

Mr. INK. Yes.

Ms. ABZUG. What about the moneys that are now proposed to be cut? Just answer that question for me.

You know, I may not be very knowledgeable. Tell me about the \$12 billion that is now being proposed to be cut. Tell me about the fact that you have listed a ceiling of \$2.5 billion.

We have a ceiling of \$2.5 billion on social services, and there are proposed child care regulations and other regulations under social services that come out of your administration which would result in not having that \$2.5 billion on social services, but a \$1.3 billion ceiling on social services.

What is that \$10 billion? Where will I see it? Where can I put it to work for people?

Where is the \$10 billion as compared to the \$12 billion that is being cut?

Mr. INK. I spoke to the tremendous increase in funds for State and local governments.

I am not in a position to talk to the details of the budget because I have no part in the budget. I am concerned with the management and administration of these programs, but I am not involved in the budget. I am not prepared to speak about the details of the budget, but I would stress that the general revenue sharing, the categorical grants which are continued and the special revenue sharing add up to substantially more funds than we have had in the past going from Federal to the State and local governments. I would also make the point that fiscal problems and fiscal crises are not a monopoly of State and local governments.

We have some very serious problems at the Federal level as well.

Ms. ABZUG. I am just dealing with people.

Mr. INK. Well, people is what we are talking about here, and that is one of the reasons I have made the points that I have, and I think we ought to retain these incentives in this legislation to minimize the uprooting and shifting of low-income people.

Ms. ABZUG. The fact is, Mr. Ink, that there is a very outrageous moratorium on housing for lower and middle income people. That is creating some other problems with which you are not concerned. You just manage a budget, but the fact is that there are commitments that have already been made, and we are hoping to force some money out of you for things that are already in the pipeline.

The fact is that it does cause relocation problems, and in the long run it involves people, and I would like to know what we are going to do in cities across this Nation which have the problem of relocation if you keep referring us to this little pot which shrinks every single day, a general revenue sharing pot—let me give you a very specific example, so when you manage the budget, you will be aware of some of the real problems, and that is this: We have proposed regulations, for example, with respect to title IV-A of the Social Security Act, which involves services like child care, services for the elderly, and so on.

They were proposed regulations which have created these problems with preventing—changing eligibility requirements, and so on, so

that instead of our expecting, let us say, \$224 million out of general revenue sharing, because of the limitations imposed on this bill, we would get \$224 million less whatever the proportion is over the reduction created by these proposed regulations of \$1 billion or \$1.3 billion. We can readily demonstrate, and mayors and Governors have come before this committee to demonstrate, that the amount of money they thought they were getting out of general revenue sharing, they are not getting because of a cutback in other services. You eliminated categorical grants, which is forcing them to use this general revenue sharing for everything under the sun.

Some people felt it was even fraudulent. They were promised revenue sharing, never thinking that they would have to use that money for part of their categorical grant programs.

Mr. INK. What they use it for, within the limits of the statute, of course, is a matter of State and local choice, which is the way we think it ought to be, because it turns the accountability of State and local officials away from those of the Federal Government and back to their own voters.

We feel that is where the accountability should be.

Ms. ABZUG. Well, that is Alice in Wonderland, do you not think?

Mr. INK. No; I do not think it is Alice in Wonderland. I think it is basic to the American system of government.

Ms. ABZUG. The American system of government is a different system than that.

The system says that the people are sovereign and they pay taxes and the Federal Government is supposed to help them get benefits out of these taxes, and it is ridiculous to talk about the work ethic and have these people go on to welfare. We are cutting the money for child care, and we say, "You have too much of an income, we cannot give you child care." And they are forced back onto welfare. The same thing with elderly people.

When you want to raise the military budget \$4 billion, you do not suggest that the local fellow should take care of the military budgets. Do you do that, sir?

Mr. INK. What we are trying to do in the military budget is move to an all volunteer Army and get away from the draft system. I think that is very desirable.

Ms. ABZUG. We all know that argument. That is only part of the increase.

Mr. INK. And I think this system of trying to return State and local government back to the voters, is important, too, and I think the increase in funds, which is very, very substantial for State and local government over the last couple of years, I think that is very significant.

Mr. BAKER. Mr. Chairman, may I be recognized for a point of order? Are we under the 5-minute rule?

Mr. ANDERSON. Well, the Chair has been lenient to both sides, and our colleague seemed intent on directing her questions, and she has the floor.

Ms. ABZUG. Thank you for calling my attention to the rule, fellow member of my committee.

Thank you, Mr. Ink.

I think the Government should reconsider its position with respect to its relocation contribution.

There are some very real human problems. Whether I agree with the fiscal program projected by the Federal Government or not—and I entirely disagree—I think there is money available in tax reform, which I think the administration owes to this country, and in doing away with cost overruns and military programs, and allowances, and all that stuff, Mr. Meany testified just the other day that if we had a decent tax proposal there would be \$29 billion more in the Federal coffers.

We are dealing with human beings and we have to consider human problems. These people will be shoved into the street if there is no Federal contribution to this program.

MR. INK. Well, you and I agree that people are important.

MR. ANDERSON. Did you have a question, Mr. Dorn?

MR. DORN. I want to join with my distinguished colleague here in reminding Mr. Ink that it is not just voters at the local level, but people, a lot of them who cannot vote, and little children, and others who cannot get to the polls. We are not just talking about voters, but about people. Thank you.

MR. ANDERSON. Thank you.

MR. BAKER.

MR. BAKER. Thank you, Mr. Chairman.

Mr. Ink, after the Federal Government has made its \$25,000 contribution up to the point, how, then, are the expenditures shared?

MR. INK. They would be on the shared basis.

MR. BAKER. On the same basis as the various governments' contributions to the programs?

MR. INK. Whatever sharing ratio applies to that particular program, which is established by statute.

MR. BAKER. Your recommendation, as I understand it, is we would commence our sharing with the first dollar rather than \$25,000 on the last dollar?

MR. INK. Yes. And, of course, we are now doing that.

This transition period ended at the beginning of this fiscal year, so what we are talking about is not whether we continue, but rather whether we reinstate a transition period which was established for a specific period of time, which served its purpose, and which ended.

MR. BAKER. There are some elements of the program which concern me.

I recognize the problems of those who are relocated or disenfranchised so far as housing is concerned, due to no fault of their own, and in some cases in my personal knowledge, where it has happened, the second time within the past 15 years, and it has worked a tremendous burden on both attitudes and budget, but it concerns me somewhat, and I would appreciate it if you had some observations where we have private entrepreneurs that are acquiring land and developing projects by virtue—and they come under the relocation obligations by virtue of the fact that they borrowed Federal money to produce these projects do you consider that equity is present for the other taxpayers to pay for relocation, rather than maybe making it a part of the project itself, if this project is being developed for profit?

MR. INK. We feel that relocation ought to be handled just as the

other costs of a project and that, really, is the basic thrust of our testimony.

Now, the transition period is over with and there are always problems here and there, and I suspect there are problems in this instance, but no one has come to us with any significant number of problems, and therefore we think—we have no evidence to indicate that there needs to be anything different than the usual application of cost sharing between Federal, and State, and local governments.

Now, with respect to other programs that might be included or might be added, our big problem is where does one begin and where does one end?

What kind of things ought to be included, and what ought not to be included?

Where does one draw the line? We have not been able to come up with criteria that we are willing to stand behind.

Mr. BAKER. Mr. Ink, in instances where individuals are receiving public assistance moneys for rent, and they come within the purview of relocation payments, do you consider that equity is present if the taxpayers are burdened with payments of \$1,000 a year for 4 years while these individuals are relocated and continually are the burden of the same group of taxpayers to maintain them in suitable housing?

Mr. INK. We believe that this ought to be tied in with what the actual costs are, and all the agencies are now proceeding on that basis, although it is true, that for a time there were some departures from that policy.

Mr. BAKER. How are those expenses submitted? Is there a category of acceptable costs which are allowable or is there broad latitude of what is constituted in expenditures?

I have become concerned quite often from the insurance standpoint of pain of suffering.

I do not consider the elements here of inconvenience can hardly be evaluated to the point that the taxpayers have to pick up the tab for that purpose.

Would anything like that be included?

Mr. INK. We have guidelines. However, even with guidelines practices tend to vary, and therefore we have supplemented the guidelines with work of the different agencies on an interagency basis to seek consistency of application. As you well know, when any kind of rules or regulations are issued, the execution of those rules and regulations by different groups, and by different agencies, turns out quite differently, and sometimes in a way that really is not consistent with the intent of the guidelines or the rules.

So we are endeavoring, particularly in the field offices and the regional councils, to get the agencies to work together in seeking consistent application of these guidelines.

Mr. BAKER. How long has this program been in effect and operable?

Mr. INK. Our guidelines were issued in February 1971. Those were the interim guidelines, and then the regular guidelines were issued in May of 1972.

Now, the implementation—the detailed implementation or procedures of the agencies vary somewhat with respect to time.

Mr. BAKER. Thank you, Mr. Chairman.

Mr. MIZELL. Mr. Chairman, if I might—

Mr. ANDERSON. I would prefer to recognize the lady first, and then Mr. Mizell.

Ms. ABZUG. I have just one question, Mr. Chairman.

Thank you.

It is a follow up to Mr. Baker's line of inquiry with respect to private entrepreneurs.

Are you aware of any study that was made with respect to Project Rehab that went into the area to which Mr. Baker referred?

Mr. INK. Well, earlier there was a reference to a study, I think, by the Little Co., which is probably the one to which you refer. I am guessing.

Ms. ABZUG. Yes. Well, has that study been made public? It might very well answer some of the questions.

Mr. INK. I should have the answer but I do not. I am sorry. We will have to supply that for the record.

Ms. ABZUG. It would be very useful if you could answer that question. There seems to be some considerable effort and money that went into this study, that was authorized by HUD with respect to private rehabilitation and private entrepreneurs in the area that Mr. Baker spoke to with the aid of Federal funds. Since this was a study authorized by HUD at a very large expense to the taxpayers, it would be very important for us to see the answers to some of the questions that Mr. Baker raised with respect to the relocation program as it affects private entrepreneurs.

I think that should be made available, and I think it might be useful if you could obtain the release of that study so we could have it to aid us in our deliberations.

Mr. ANDERSON. I believe that is the Little study that we referred to earlier, and I believe it was completed a year ago and I think all of us would like to see it. We await your reply.

[The following reply was received from Mr. Ink:]

FROM DWIGHT INK, ASSISTANT DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Mr. Anderson, I am advised that a summary of the "Little" report is being furnished to the Committee by the Department of Housing and Urban Development.

Mr. ANDERSON. Mr. Mizell.

Mr. MIZELL. Thank you, Mr. Chairman, and I appreciate the committee's indulgence.

Mr. Ink, as I understand you, and I did not follow this through too well a while ago, but as I understood your statement later, that you have already come through the transition period to where at the present time the cost sharing of relocation begins with the first dollar now.

Is that the way you are administering the program now?

Mr. INK. Since last July 1. It has been proceeding on the basis of the usual cost sharing; yes, sir.

Mr. MIZELL. And also, if I understood you correctly, you said that you have not really been overwhelmed by any great objection by this from the State and local government?

Mr. INK. No, not at all. Now, again, it is conceivable that here and there there may be a problem that we have not heard about because in almost any program, under almost any circumstances, there are problems, but they have not been brought to our attention. Since every-

body talks to us, and we hear from everybody, I cannot imagine it being a serious problem without a delegation having come in to see us.

Mr. MIZELL. But the legislation we have under consideration restores and begins with the first dollar?

Mr. INK. Yes, sir.

Mr. MIZELL. Thank you.

Mr. INK. I think at the time this was proposed, there was a good deal of uncertainty as to what the impact might be, but we would argue that now it is no longer theoretical. We have had experience with the transition period, having ended, and no serious problems have been brought to our attention. We think the transition period was reasonable, and we would argue against the need for going back and picking up and extending for some other length of time a second transition period.

Mr. MIZELL. Do you know of any projects that have been stopped because of this change in administration?

Mr. INK. None has come to our attention.

Mr. MIZELL. Thank you. I yield to my colleague.

Mr. BAKER. Would reimbursements be in order back to the expiration date if this legislation was enacted?

Mr. INK. Yes. It is retroactive to July 1, 1972.

Mr. BAKER. I thank the gentleman.

Mr. MIZELL. And I thank the gentleman for his comments.

Thank you, Mr. Chairman.

Mr. ANDERSON. Ms. Abzug.

Mr. INK. Mr. Chairman, pardon me.

Part of the bill would be retroactive, and part of it would not. The extension of coverage would not be retroactive, but the 100 percent would go back to July 1.

Mr. BAKER. But not to the extent of reimbursing moneys that have been paid in—

Mr. INK. Yes.

Mr. BAKER. It would be?

Mr. INK. Yes.

Mr. BAKER. That is what concerned me.

Mr. INK. But not the extension of coverage to other programs.

Mr. BAKER. Thank you.

Mr. ANDERSON. Ms. Abzug.

Ms. ABZUG. Mr. Ink, I understood you to have just testified that you knew of any programs that have been stopped.

You do not mean that. The President has suspended a lot of them.

Mr. INK. I may have misunderstood the question. I thought the question was whether any projects had been halted or stopped because of the lack of 100-percent funding, for relocation by the Federal Government. Was that not the question?

Mr. MIZELL. That was the question.

Mr. INK. So I was responding to that question. We know of no project that has been stopped because of the end of the transition period under which the Federal Government paid 100 percent of the relocation funds.

Ms. ABZUG. Is it the practice to get reports from the localities directly to your office?

Mr. INK. That is a little hard to answer because generally the agencies hear from a good deal more localities than we do.

Ms. ABZUG. I imagine so.

In other words, it is not your normal practice to hear from the localities on relocation. Is that not so? Please answer that question.

It has not been the practice, either before or now, for you to hear from projects—from localities with respect to relocation?

Mr. INK. That is correct. Not with regard to individual projects, but—

Ms. ABZUG. And now it is no different from your not ever having heard.

Mr. INK. You are leading me down a path which I do not want to go.

Ms. ABZUG. I do not blame you. It contradicts your statement you made before, which is a departure from reality.

Mr. INK. If you would let me answer.

We do not deal with project locations around the country.

Ms. ABZUG. I understand that. You are not doing it, and I am not asking you to do it.

Otherwise you would know how you wrecked the budget.

Mr. INK. I wonder if I could respond to the question.

Ms. ABZUG. Please do.

Mr. INK. We do talk to mayors and with agencies who are in contact with State and local officials, and, further, we are in constant contact with the organizations representing State and local officials, so we have a great deal of communication with respect to problems of communities across the Nation.

Ms. ABZUG. Thank you very much, Mr. Ink.

Mr. ANDERSON. Mr. Mizell, you had a request to make?

Mr. MIZELL. Yes, Mr. Chairman.

Our colleague, Congressman Howard W. Robison, wanted to appear here and submit testimony in support of this legislation, but he was unable to do so because he had to attend an Appropriations Committee meeting, and I ask unanimous consent that his statement be placed in the record.

Mr. ANDERSON. Without objection, so ordered.

[The statement follows:]

STATEMENT OF HON. HOWARD W. ROBISON, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK

Mr. Chairman, I appreciate being given the opportunity to present a statement in support of legislation to amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

On January 11th, 1973, I introduced a bill to extend for a three-year period—to June 30, 1975—the full Federal payment of relocation costs to persons in major disaster areas displaced by Federally assisted programs and projects. The bill was subsequently reintroduced as 22 colleagues—on both sides of the aisle—co-sponsored the measure. Its specific provisions were intended to bring a timely response to the situation in which cities and communities struck by tropical storm Agnes—the worst disaster ever to strike the Nation—found themselves in the aftermath of the floods. It is limited in scope, and, as in the case of other “Disaster Aid” legislation passed by the Congress last year, would apply to areas declared as major disasters from January 2, 1971 through June 30, 1973.

Late last June, we in Washington saw a small sampling of the force of “Hurricane Agnes,” when it passed through here, on a tragic course which took the lives of 118 persons, and left 5,000 square miles of flood damage in its wake. It damaged or destroyed 116,000 homes, 2,400 farm buildings, and 5,800 businesses. Losses in private and public property were over three billion dollars. There were

200,000 people left homeless after the flood, and a very large number of these have spent the long winter in trailers, uncertain when they will be able to move out of the temporary shelters into permanent homes or apartments.

The communities thus devastated—with their drastically reduced resources and tax bases—would indeed be hard-put to come up with the 25% "matching requirement" which went into effect on July 1, 1972, just one week after the full fury and destruction of Hurricane Agnes.

The Federal government was generous, as never before, in providing disaster aid during the period of emergency. But if the devastated cities and towns are to recover and, with time, to prosper—then the preliminary stage of relocation and property acquisition, to pave the way for rebuilding, becomes crucial. In that basic first step toward orderly redevelopment, the full support of the Federal government is essential. It would be compounding tragedy to withhold Federal aid, during this stage, because reduced resources caused by an earlier disaster left communities without the ability to produce presently mandated "matching share" of monies.

Mr. Chairman, even as you consider the broader approaches agreed upon in Conference last year, as recently passed by the Senate, I urge that the time element affecting disaster areas receive the special consideration of your Subcommittee, and that these concerns be made of record in your Report.

Thank you.

Mr. ANDERSON. Counsel.

Mr. BARNETT. One further question.

Mr. Cleveland directed a question to Mr. Bartlesmeyer concerning a possible interim law or bill being passed, and also directed the same question to you.

Did you catch that?

Mr. INK. Yes; I did, and it had again to do with the transition period with respect to projects that are spread over a long period of time. As I indicated a while ago, under any kind of legislation there are possible problems, and I do not think that we tried to design transition periods or other pieces of legislation to necessarily deal with every conceivable problem that might arise.

We think this was a reasonable transition period, and in the case that I recall that he was talking about, the Comptroller General has ruled that projects that were in execution at the time of the law are eligible for relocation assistance, regardless of the length of time. This particular one, I gather, was not in execution at the time of the law.

There are cost increases that face any level of government, any agency going into major projects, possibly due to environmental problems, or general cost increases, and we think that it is incumbent upon Federal, State, and local agencies to make reasonable provision for those kinds of costs, particularly here where we did have a transition period.

Mr. BARNETT. Thank you.

Mr. ANDERSON. Any further questions? Any other questions from any member?

[No response.]

Mr. ANDERSON. If not, the meeting is adjourned.

[Whereupon, the subcommittee adjourned at 12:09 p.m.]

[The following were received for the record:]

STATEMENT OF HON. CLARENCE E. MILLER, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF OHIO

The subject we are here to discuss, that of relocation, is at the very time a very significant problem in our district. The City of Zanesville, Ohio, a community of approximately 33,000 people, is presently undertaking a multimillion dollar urban renewal project.

This project which includes extensive highway development is displacing

a number of small businesses whose very existence is being threatened by their need to relocate. In our dealings with these businessmen and with the local Chamber of Commerce, we have been at a loss to find them relief within the present letter of the law.

That they need relief, is apparent. The businesses in question are by definition small, employing anywhere from 10 to 75 individuals. The nature of their operations is such that they are presently housed in what could be considered low overhead facilities; i.e., old standard type buildings with very little internal customization (yet perfectly suitable for their present needs). Furthermore, the businesses though stable and well managed are in marginal profit markets. Forced to relocate, these firms are going to have to find like facilities to move into if they are to remain viable. It *appears* no such facilities are available in the Zanesville, Ohio area. The alternatives *appear* to be the construction of new facilities, the closing of their businesses, or relocation to another community.

The first alternative, given their aforementioned business circumstances, would be financially impractical, if not impossible. Under present real property acquisition policies as defined in P.L. 91-646, one of the businesses in question has been offered approximately \$80,000 for their present facility. To construct new facilities of like size and function would cost approximately \$250,000. The second and third alternatives are hardly alternatives in the accepted sense as far as the City of Zanesville is concerned.

Why is it that the law as presently written permits such a set of counter-productive alternatives to exist. Such projects are supposed to create jobs not lose them. Zanesville is threatened by the immediate loss of anywhere from 100 to 300 jobs. Yet there appears to be little hope of a solution to their problem without a substantial investment in new facilities, be it on the part of the individual businesses or by the local Community Improvement Corp. Why can't we arrive at a formula that will provide the small businessman, such as those I have described, with a more equitable solution to their problem. After all, why should he be penalized! He is not wanting to move. He is being made to move! Ideally, his relocation should not cost him a thing financially or in terms of business lost. Practically, we realize this is seldom the case. But is it not incumbent upon us to help him come as close to the ideal as possible. Can't we, in the form of low interest loans, underwrite his relocation costs should he have no alternative but to construct new facilities. I acknowledge that such a proposal would take considerable refinement and I don't pretend to have all the specifics worked out at this time, I only offer my thoughts and comments at this time in the hope that serious consideration will be given to correcting what appears to be a serious inequity in our relocation laws, an inequity that impedes progress rather than prompts it, as intended.

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington, D.C., March 23, 1973.

HON. JOHN C. KLUCZYNSKI,
Chairman, Subcommittee on Transportation,
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 H.R. 3271, a bill to amend the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

We favor the principal purpose of this proposed legislation to relieve financial hardship in state and local governments by extending the time period for full Federal funding of the cost of relocation payments and services. Our chief interest in this proposed legislation, however, relates to the new Section 223 which would provide for relocation payments to those dislocated by activities provided Federal financial assistance, but undertaken directly by private persons. We favor the purposes of this amendment and are gratified that it clearly places the sole responsibility for meeting the cost of the required payments and services upon the Federal agency involved.

However, we are concerned that this legislation does not clearly provide that in the case of assisted housing projects such payment must be provided from funds other than those provided by the Congress for the payment of the contract obligation of HUD.

To do otherwise would be to risk a substantial reduction in HUD's capacity

to provide much needed housing to those of low and moderate income and severely lessen practicality of programs of rehabilitation in our central cities.

I have attached amendatory language which I believe would clarify the language of the bill on this point. Thank you for this opportunity to make our views known.

Sincerely,

GEORGE C. MARTIN, *President.*

AMENDMENT TO H.R. 3271

On page 7, line 5, after the period insert the following: "The cost of the payments and services required of any Federal agency under the provisions of subsection (b) shall be borne out of funds other than those appropriated to meet contract obligations under the programs set out in that subsection."

STATEMENT OF JAMES H. SCHEUER, PRESIDENT, NATIONAL HOUSING CONFERENCE

NHC supported the highly-important relocation assistance bill of the last Congress and was disappointed when it was lost in the final few minutes of the 92nd Congress. We are pleased that apparently every effort is being made to obtain early approval of this critical legislation in this Congress. NHC urges that its provisions be made retroactive to July 1, 1972, when adopted this year.

As the members of this Subcommittee know, at issue is a provision of the Uniform Relocation Assistance Act of 1970 which required Federal payment of the first \$25,000 of any relocation assistance under Federally-assisted programs until July 1, 1972. Many months ago, according to the 1970 law, state and local governments should have brought their own laws into conformity with the Federal law in order that state and local project agencies would participate in the cost of relocation payments to the same degree that they share in other project costs. NHC supports the provisions which include Federally-assisted activities such as housing and urban renewal and highway programs.

NHC understands that some states have not complied with this requirement, and legislation is needed to extend the time in which the first \$25,000 of relocation assistance would be met by the Federal government. NHC urges that time be extended for the minimum Federal payment for four years, until July 1, 1976.

In conclusion, NHC urges that this Subcommittee report that favorable action be taken on H.R. 5020 and that this important legislation be enacted into law as soon as possible.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 1, 1973.

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

DEAR MR. CHAIRMAN: The Mayor of the City of Portsmouth and the Executive Directors for the Redevelopment and Housing Authority for both the City of Chesapeake and the City of Portsmouth have written me requesting speedy Congressional action on legislation to increase Federal funding for relocation assistance to those displaced by Federally-assisted programs.

I assume Committee consideration this session of similar or identical legislation will require virtually no formal hearings. However, I shall be grateful if you will include the enclosed correspondence in the record of additional deliberation of the Committee on this subject.

I commend your Committee on reporting this legislation last year and certainly hope you will find it possible to report it early in this session.

Sincerely,

ROBERT W. DANIEL, Jr.

Enclosures.

CITY OF PORTSMOUTH, VA.,
January 11, 1973.

Hon. ROBERT W. DANIEL, Jr.,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DANIEL: I strongly recommend that you consider support of Amendments to the Uniform Relocation Act of 1970, soon to be introduced by

Senator Edmund S. Muskie. Enclosed for your ready reference is copy of letter from Senator Muskie pertaining to this matter.

Recently our city adopted a five (5) year Capital Improvement Program. Included are six (6) major Urban Renewal Projects which will necessitate large sums the city must pay for relocation. One project that will be undertaken soon, will cost the city \$60,500. Cost for the others that are planned cannot be determined at present. However, it is estimated that \$150,000 is a conservative amount.

Our city, hard hit by rising welfare and education costs, can benefit from any financial assistance the Congress can give.

Your efforts to support full 100% Federal funding for relocation as advocated by Senator Muskie is appreciated.

Sincerely,

JACK P. BARNES, *Mayor.*

CHESAPEAKE REDEVELOPMENT AND HOUSING AUTHORITY,
Chesapeake, Va., February 1, 1973.

Hon. ROBERT W. DANIEL, Jr.,
House of Representatives,
Washington, D.C.

DEAR MR. DANIEL: It has just been brought to my attention that the House Public Works Committee is intending to prolong the processing of the Amendment to the Uniform Relocation Act, which the Authorities in the State so desperately need to be passed.

In an attempt to assist you in the background of this subject I am enclosing the following:

1. A copy of a letter of December 1, 1971 from Mr. Robert C. Wilson, Chairman of the Legislative Committee of VARHA to the Honorable John A. Blatnik, Chairman, Committee on Public Works, U.S. House of Representatives

2. A copy of a letter dated January 15, 1973 from the Honorable Bill Brock of Tennessee to Marvin Lee, Vice President of the Virginia Association of Redevelopment and Housing Authorities

3. A memorandum from Bob Wilson dated January 25, 1973

Any consideration or assistance you could extend by expressing our strong feelings to Chairman Blatnik and other members of the House Public Works Committee would be greatly appreciated.

Very truly yours,

ARTHUR G. MEGINLEY, Jr.,
Executive Director.

PORTSMOUTH REDEVELOPMENT AND HOUSING AUTHORITY,
Portsmouth, Va., January 31, 1973.

Hon. ROBERT W. DANIEL, Jr.,
House of Representatives,
Washington, D.C.

DEAR MR. DANIEL: Since we last corresponded concerning the elimination of 100% Federal reimbursement for relocation payments, as proposed in the Uniform Relocation and Real Property Acquisition Policies Act of 1970, we have received further information from Senator William Brock of Tennessee, a cosponsor of S. 1819, the bill which proposes to continue full Federal funding of relocation costs. Senator Brock has stated that it appears that the Public Works Committee of the House of Representatives intends to block the early passage of the re-introduced bill during this session of Congress.

I need not reiterate the consequences of such action on the part of this Committee on our programs in Portsmouth as well as throughout the State of Virginia; in this regard, I strongly urge you to bring whatever pressure is necessary upon this Committee in order to effect their timely action on this most important piece of legislation.

Your continuing cooperation in support of our programs is sincerely appreciated.

Very truly yours,

D. B. FRYE, Jr.,
Executive Director.

