amendment. I wonder what the Senator's thoughts are on that.

Mr. ROBERT C. BYRD. The Kennedy amendment could be laid aside only by unanimous consent. I do not want to presume to say that that would not be done. That is why I said it is possible that amendments could be called up.

Mr. LONG. If the Senate is in a tax-cutting mood, I can think of some attractive tax cuts that I could offer, just as there are other Senators who might want to offer some.

Mr. ROBERT C. BYRD. But, as the Senator has pointed out, that amendment could be laid aside only by unanimous consent.

Mr. LONG. Of course. I have no thought, at this point, of doing otherwise.

Mr. HANSEN. Mr. President, I appreciate the interrogatory posed by the distinguished Senator from Louisiana (Mr. LONG) because I think a number of Senators may have left early this afternoon firmly persuaded there would be no further votes taken on the debt ceiling limitation bill until Monday next.

I would therefore hope very much that there would be opposition raised to any unanimous consent that might possibly be posed tomorrow to take up an amendment.

Mr. ROBERT C. BYRD. That amendment could be laid aside only by unanimous consent. But I do not want to presume that there would not be, as I have already said. It is possible that a Senator would have an amendement that the chairman would agree to, that could be adopted by a voice vote, and which would not be controversial. So I did not want to say that it would not be possible.

Mr. HANSEN. If there are not too many Senators in the Chamber, the likelihood of its being noncontroversial would be enhanced, I would suspect.

I thank the Senator.

Mr. ROBERT C. BYRD. I would doubt whether there would be any action taken on controversial amendments to that bill tomorrow.

So, Mr. President, in summation, it would appear that there would be at least two rollcall votes tomorrow.

ADJOURNMENT TO 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, if no Senator seeks recognition at this time, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to, and, at 5:07 p.m., the Senate adjourned until tomorrow, Friday, June 21, 1974, at 10 a.m.

CONFIRMATION

Executive nominations received by the Senate June 20, 1974:

DEPARTMENT OF STATE

Thomas O. Enders, of Connecticut, a Foreign Service officer of class 1, to be an Assistant Secretary of State.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Thursday, June 20, 1974*

The House met at 12 o'clock noon.

Rev. John R. Taylor, Lutheran Church of the Good Shepherd, Pearl River, N.Y., offered the following prayer:

Eternal Father, we thank You for the privilege of prayer, this moment not of casual custom, but of courageous commitment.

On this summer eve remind us that we are not biological blobs, but rather Your spiritual sons and daughters.

May we use these hours as an opportunity for constructive compromise rather than for cynical self-interest. Help us to be truly humane in our interpersonal relations, so that people rather than programs will be served.

Grant to these men and women, servants of these United States, that they may work honestly and energetically in our pluralistic society, to bring order out of chaos, reconciliation out of alienation, and community out of crowd. O Father, these Representatives are critically important for the welfare of this Republic. Use them to Your glory. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 13839. An act to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 7682. An act to confer citizenship posthumously upon L. Cpl. Federico Silva;

H.R. 11105. An act to amend title VII of the Older Americans Act relating to the nutrition program for the elderly to provide authorization of appropriations, and for other purposes; and

H.R. 12628. An act to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowances paid to eligible veterans and other persons; to make improvements in the educational assistance programs; and for other purposes.

The message also announced that the Senate had passed bills of the following titles in which the concurrence of the House is requested:

S. 3188. An act to establish the Sewall-Belmont House National Historic Site, and for other purposes;

S. 3474. An act to amend the District of Columbia Unemployment Compensation Act; and

S. 3476. An act to amend section 1291 of the act of March 3, 1901, relating to marriage licenses in the District of Columbia.

REV. JOHN TAYLOR DELIVERS INVOCATION

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, the invocation was delivered today by the Reverend John R. Taylor, pastor of the Good Shepherd Lutheran Church in Pearl River, N.Y., located in my congressional district. Reverend Taylor personifies the highest ideals of service to church and state.

A graduate of Muhlenberg College and Philadelphia Theological Seminary, Pastor Taylor has served three congregations, from Florida to New York. He has served with distinction, always leaving behind a legacy of wisdom and leadership.

These same stellar qualities were demonstrated in Pastor Taylor's service to his country as a Navy line officer in World War II and as the chaplain of the 45th Infantry Division during the Korean conflict. He proudly reminds us that one of his five children is a graduate of the U.S. Naval Academy at Annapolis.

He has fostered extensive expansion for his congregation at a time in which many congregations are having difficulty maintaining their status quo. His wisdom and leadership have earned him the rank of dean of the Tappan Zee Synod.

Perhaps his greatest contribution has been to the many individuals whose lives he has touched. In these times of uncertainty, Pastor Taylor has brought peace of mind to many, continually striving to make the world a little better for all of us.

Mr. Speaker, I know my colleagues join with me in extending our greetings and thanks to this exemplary man, Rev. John Taylor.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE A PRIVILEGED REPORT ON TREASURY, POSTAL SERVICE, EXECUTIVE OFFICE OF THE PRESIDENT, AND RELATED AGENCIES APPROPRIATIONS, 1975

Mr. STEED. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on the bill making appropriations for the Department of Treasury, the U.S Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending June 30, 1975, and for other purposes.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. ROBISON of New York reserved all points of order on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 11221, TO PROVIDE FULL DEPOSIT INSURANCE FOR PUBLIC UNITS AND TO INCREASE DEPOSIT INSURANCE FROM $20,000 TO $50,000

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 11221, to amend the laws relating to Federal regulation of depository institutions, and to raise the ceiling on Federal deposit insurance to $50,000, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. PATMAN, ST GERMAIN, ANNUNZIO, BARRETT, HANLEY, BRASCO, COTTER, MOAKLEY, ASHLEY, WIDNALL, ROUSSELOT, JOHNSON of Pennsylvania, WYLIE, RONCALLO of New York, and RINALDO.

CONTINUING APPROPRIATIONS, 1975

Mr. MAHON. Mr. Speaker, pursuant to the order of the House of Tuesday, June 18, 1974, I call up the joint resolution (H.J. Res. 1062) making continuing appropriations for the fiscal year 1975, and for other purposes, and I ask unanimous consent that the joint resolution be considered in the House as in the Committee of the Whole.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 1062

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1975, namely:

SEC. 101. (a)(1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution or other enacted Appropriation Acts for the fiscal year 1975) which were conducted in the fiscal year 1974 and for which appropriations, funds, or other authority would be available in the following Appropriation Acts for the fiscal year 1975:

Agriculture-Environmental and Consumer Protection Appropriation Act;

District of Columbia Appropriation Act;

Department of Housing and Urban Development; Space, Science, Veterans, and Certain Other Independent Agencies Appropriation Act;

Departments of Labor, and Health, Education, and Welfare, and Related Agencies Appropriation Act;

Legislative Branch Appropriation Act;

Public Works for Water and Power Development and Atomic Energy Commission Appropriation Act;

Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, notwithstanding section 701 of the United States Information and Educational Exchange Act of 1948, as amended;

Department of Transportation and Related Agencies Appropriation Act; and

Treasury, Postal Service, and General Government Appropriation Act including not to exceed one-quarter of the "Payment to the Postal Service Fund".

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent Appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House as of July 1, 1974, is different from that which would be available or granted under such Act as passed by the Senate as of July 1, 1974, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority: *Provided,* That no provision in any Appropriation Act for the fiscal year 1975, which makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation, shall be effective before the date set forth in section 102(c) of this joint resolution.

(4) Whenever an Act listed in this subsection has been passed by only one House as of July 1, 1974, or where an item is included in only one version of an Act as passed by both Houses as of July 1, 1974, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the House, whichever is lower: *Provided,* That no provision which is included in an Appropriation Act enumerated in this subsection but which was not included in the applicable Appropriation Act for 1974, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in this joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(b) Such amounts as may be necessary for continuing projects or activities (not otherwise provided for in this joint resolution or other enacted Appropriation Acts for the fiscal year 1975) which were conducted in the fiscal year 1974 and are listed in this subsection at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower, and under the more restrictive authority—

activities for which provision was made in the Department of Interior and Related Agencies Appropriation Act, 1974;

activities for which provision was made in the Military Construction Appropriation Act, 1974;

activities for which provision was made in the Department of Defense Appropriation Act, 1974: *Provided,* That the continuation of support for South Vietnamese military forces shall be administered and accounted for from one fund, at the current rate, to be obligated only by the issuance of orders by the Secretary of Defense for such support: *Provided further,* That the fund for support of Vietnamese military forces shall be deemed obligated at the time the Secretary of Defense issues orders authorizing support of any kind, which obligations shall in the case of non-excess materials and supplies to be furnished from the inventory of Department of Defense be equal to the replacement costs thereof at the time such obligation is incurred and in the case of excess materials and supplies be equal to the actual value thereof at the time such obligation is incurred: *Provided further,* That none of the activities for support of South Vietnamese military forces contained in this paragraph should be funded at a rate exceeding one quarter of the annual rate as provided by this joint resolution;

activities for which provision was made in the Foreign Assistance and Related Programs Appropriation Act, 1974, notwithstanding section 10 of Public Law 91-672, and section 655(c) of the Foreign Assistance Act of 1961, as amended: *Provided,* That in computing the current rate of operations of military assistance there shall be included: (1) the amount of contract authority used during the fiscal year 1974 pursuant to section 506(a) of the Foreign Assistance Act of 1961, as amended, for military assistance to Cambodia, and (2) the amount of obligations incurred in Department of Defense appropriations during the fiscal year 1974 for military assistance to Laos;

The following activities for which provision was made in the Departments of Labor and Health, Education, and Welfare Appropriation Act, 1974, the Supplemental Appropriations Act, 1974, or the Second Supplemental Appropriations Act, 1974:

activities under sections 301(h), 304, 305, 310, 314 (d) and (e) and 329 of the Public Health Service Act, as amended;

activities under title III, part J, and title X of the Public Health Service Act, as amended;

activities under title VII of the Elementary and Secondary Education Act of 1965, as amended;

activities under the Education of the Handicapped Act;

activities under the Economic Opportunity Act of 1964, as amended;

activities under section 1113 of the Social Security Act, as amended;

activities under the Developmental Disabilities Services and Facilities Construction Act;

activities under the Youth Development and Delinquency Prevention Act;

activities under title VII of the Older Americans Act; and

activities for "Health resources" and set forth in the 1975 budget;

activities of the American Revolution Bicentennial Administration;

activities of the Cabinet Committee on Opportunities for Spanish-Speaking People;

activities under the Natural Gas Pipeline Safety Act of 1968, as amended;

activities of the Federal Railroad Administration for Grants to National Railroad Passenger Corporation;

activities of the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped; and

activities of the Council on International Economic Policy.

(c) Such amounts as may be necessary for continuing the following activities, but at a rate for operations not in excess of the budget estimate—

activities under title XVI of the Social Security Act, as amended; and

activities related to terminating the economic stabilization program; and

activities of the Veterans' Administration's program to provide representatives on college campuses.

(d) Such amounts as may be necessary for continuing the following activities, but at a rate for operations not in excess of the current rate—

The following activities for which provision

was made in the Departments of Labor and Health, Education, and Welfare Appropriations Act, 1974, the Supplemental Appropriations Act, 1974, or the Second Supplemental Appropriations Act, 1974:

health planning activities under section 314 of the Public Health Service Act, as amended;

activities under titles VI and IX, and sections 306, 309, 792–794, 801, 805(b), 806, 810(d), and 821(a) of the Public Health Service Act;

construction under section 201 of the Community Mental Health Centers Act;

activities under the Drug Abuse Education Act;

training under section 707 of the Social Security Act;

activities under part B of the Education of the Handicapped Act;

activities under the Adult Education Act;

activities under titles I, II, III, V, VIII, and IX of the Elementary and Secondary Education Act of 1965, as amended: *Provided*, That distribution of funds under title I shall be based upon the provisions contained in title I of H.R. 69 as passed by the House of Representatives;

activities under title III of the National Defense Education Act of 1958;

activities under the Emergency School Aid Act;

school assistance in federally affected areas authorized by Public Law 81–815 and Public Law 81–874;

all remaining activities except titles I and III(B) under the Economic Opportunity Act of 1964, as amended;

activities of the National Council on Indian Opportunity; and

activities under Part A of the Indian Education Act.

(e) Applicable appropriations made by this joint resolution shall be available in such amounts as may be necessary for departments, agencies, corporations, and other organizational units of the Government to pay not in excess of 90 per centum of the amount contained in the budget estimates for fiscal year 1975 of the first quarter standard level user charges pursuant to section 210(j), of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j)).

(f) Such amounts as may be necessary for continuing projects or activities for which disbursements are made by the Secretary of the Senate, and the Senate items under the Architect of the Capitol, to the extent and in the manner which would be provided for in the budget estimates for fiscal year 1975;

(g) Such amount as may be necessary for continuing activities of the Parliamentarian of the House of Representatives for compiling the precedents of the House of Representatives to the extent and in the manner which would be provided for in the budget estimates for the fiscal year 1975.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from July 1, 1974, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) September 30, 1974, whichever first occurs.

SEC. 103. Appropriations and funds made available or authority granted pursuant to this joint resolution may be used without regard to the time limitations for submission and approval of apportionments set forth in subsection (d)(2) of section 3679 of the Revised Statutes, as amended, but nothing herein shall be construed to waive any other provision of law governing the apportionment of funds.

SEC. 104. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 105. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 106. Except as provided in section 101(e) no appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1974.

SEC. 107. Any appropriation for the fiscal year 1975 required to be apportioned pursuant to section 2679 of the Revised Statutes, as amended, may be apportioned on a basis indicating the need (to the extent any such increases cannot be absorbed within available appropriations) for a supplemental or deficiency estimate of appropriation to the extent necessary to permit payments of such pay increases as may be granted pursuant to law to civilian officers and employees and to active and retired military personnel. Each such appropriation shall otherwise be subject to the requirements of section 3679 of the Revised Statutes, as amended.

SEC. 108. All obligations incurred in anticipation of the appropriations and authority provided in this joint resolution are hereby ratified and confirmed if otherwise in accordance with the provisions of this joint resolution.

SEC. 109. None of the funds herein made available shall be expended to aid or assist in the reconstruction of the Democratic Republic of Vietnam (North Vietnam).

SEC. 110. None of the funds herein made available shall be obligated or expended to finance directly or indirectly combat activities by United States military forces in or over or from off the shores of North Vietnam, South Vietnam, Laos, or Cambodia.

SEC. 111. Any provision of law which requires unexpended funds to return to the general fund of the Treasury at the end of the fiscal year shall not be held to affect the status of any lawsuit or right of action involving the right to those funds.

Mr. MAHON. Mr. Speaker, I move to strike the last word.

Mr. Speaker, this is the standard continuing resolution. For many years it has been necessary to bring to the floor a continuing resolution just prior to the beginning of the new fiscal year. There are 13 major appropriation bills which have to be passed each year. By the end of next week we hope we will have passed all but four. We expect to have reported to the House in mid-July the Interior bill. We will have the military construction bill available when the authorization is provided. We hope that will be in July. Also we hope to have the defense bill near the end of July. The foreign aid bill still requires authorization.

In other words by July 1 we hope that we will have passed nine. That does not mean, of course, that they will have been enacted into law, because none of them at this time have passed the other body.

It is true that many weeks ago we passed the legislative appropriation bill, one of our regular annual bills, but that bill has not been acted on by the other body although it is scheduled for Senate floor action today.

So, if it were not for the continuing resolution, the Government would cease to function as of the 1st of July. Therefore it is necessary for us to have a continuing resolution in order to enable the Government to continue to operate.

As I have said, this continuing resolution is a standard procedure. There are no hidden clauses that might concern the Members. I am hopeful there will be no serious objection to the continuing resolution.

This was the best proposal that could be presented under the circumstances. On Tuesday, the Committee on Appropriations of the House of Representatives met and approved the continuing resolution which is presented in the House today. We would like to see the continuing resolution approved as presented. We must make our legislative system work, and this resolution is a technique which we must adopt in order to meet our responsibilities.

The resolution simply represents a stopgap mechanism to provide interim financing authority for essential operation of the Government. It is not the optimum solution to efficient fiscal procedure but it is the best approach that has been devised over a period of years and it has served the Government well under the circumstances. It is essential that we preserve its integrity as a viable interim financing mechanism and again Mr. Speaker, I urge that the measure be adopted as presented.

DATE OF OPERATION UNDER THE RESOLUTION

Mr. Speaker, I think it necessary to outline briefly the rates of operation which obtain under this resolution.

As has been the practice over a period of years, the continuing resolution establishes an appropriate rate of funding for the departments and agencies that will apply until the regular appropriation bills, can be enacted into law.

The rate of operation under the resolution is based on the status of each particular bill as of the date of the passage of the resolution as follows:

Where the applicable bill has passed only one House—and nine of them will have passed the House—then the operating rate shall be not to exceed the current rate or that rate permitted by the action of the House, whichever is lower.

Where the applicable bill has passed both Houses—and that does not apply at this time—but has not been enacted into law and the amount passed by the House is different from that of the Senate, then the activity shall be continued under the lesser amount and the more restrictive authority.

Where the applicable bill—and this does apply to several bills—has not passed either the House or the Senate, then the rate between July 1 and September 30 for continuing projects and activities shall not exceed the current rate or the rate provided for in the budget estimates, whichever is lower, and under the more restrictive authority.

Also carried at the current rate or the budget estimate are certain programs for which there are budget estimates but which were:

First. Deferred in the regular bill due to lack of legislative authorization, or

Second. Financed in 1974 in a supplemental if the regular bill will not have passed the House by June 30.

Several projects are provided for at the rate of the budget estimate due to special cricumstances. For instance, a statutory change in the supplemental

security income program makes the current rate inadequate and the program could not operate without a special provision.

A large number of programs, mostly HEW items, are continued at the current rate, generally because they were deferred due to lack of authorization and because there is no budget estimate.

This bill also provides the current rate of $1,018,000,000 for continuation of support for South Vietnamese military forces.

Mr. Speaker, let me again emphasize that this is the standard continuing resolution. It is regrettable that it is necessary but it is if government is to continue past June 30. Hopefully with the implementation of the procedures which are contained in the new budget control bill, this practice can be eliminated or severely restricted. This objective demands our best efforts.

Mr. Speaker, I will ask unanimous consent to revise and extend my remarks at this point in the RECORD and include tables and extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield to me?

Mr. MAHON. I am glad to yield to the distinguished gentleman from Michigan.

Mr. CEDERBERG. I concur with the statement of the distinguished gentleman from Texas, the chairman of the committee.

We really have no option in this matter of continuing resolutions. I would prefer that we did not have them, but the facts of life are that it is necessary.

This resolution extends to September 30. I am hopeful this year this will be our last continuing resolution, but frankly I am not even that optimistic. I fear it may be required in certain instances to come in with a further continuing resolution.

I hope in the light of this necessity we can dispose of this matter as promptly as possible, and complete action by the 30th of June.

Mr. MAHON. Mr. Speaker, I might say that, of course, when final enactment takes place with respect to any of the appropriation bills the continuing resolution will cease to be significant with respect to that legislation.

Mr. MICHEL. Will the gentleman yield?

Mr. MAHON. I yield to the gentleman.

Mr. MICHEL. Mr. Speaker, of course I support the resolution and very much so in line with what the gentleman from Michigan just made mention of with respect to our hope that we would not have to have another continuing resolution. We have finalized the conference report on the budget reform legislation which, if all goes well, would provide for the beginning of our fiscal year in 1976 on October 1.

With this September 30 continuing resolution deadline I would hope we would try to treat that as if we were under the new budget reform legislation, and we will have a good test run this year.

I would say to the gentleman from Iowa (Mr. GROSS) particularly, as the gentleman from Michigan (Mr. CEDERBERG) has said, we really have no other alternative than to do what we are doing today.

Mr. GROSS. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I would like to ask the distinguished chaiman of the Committee on Appropriations, the gentleman from Texas (Mr. MAHON) the meaning of the September 30, 1974, expiration date of the continuing resolution.

What is the meaning of September 30? Why was September 30 selected?

Mr. MAHON. Mr. Speaker, if the gentleman will yield, it was thought that this would give us time to enact into law all of our major appropriation bills.

I do not know what will happen this year with respect to the August recess, but last year we found by fixing the date of September 30 it worked very well. We had much of the business out of the way by that date last year, but even then it was necessary to have a further continuing resolution. We established the September 30 date after some consultation with the leadership on both sides of the aisle.

Mr. GROSS. Would this September 30 date reflect in any way the sine die adjournment of the second session of the 93d Congress?

Mr. MAHON. I would like to hope that it would, but we do not contend that it will lead to a sine die adjournment by that date.

Mr. GROSS. Then I guess we would have to say that the September 30 date was picked out of the air.

I thought that we were going to get these appropriation bills out of the way. That was the story that we were told by the Democrat leadership, and this was supposed to mean that we would meet 5 days this week and 5 days next week in order to expedite passage of the appropriation bills. We were to get them out and get this situation behind us but evidently that is not to be the case.

Mr. MAHON. I share the concern of the gentleman from Iowa about this matter. Our main problem that causes delay in final enactment of the appropriations bills is waiting for legislative authorization.

Of course, we sometimes have to bring these appropriation bills under a rule waiving points of order because the authorization bills have not been finally enacted. In most cases, however, we do this only when the authorization has at least passed the House. Of the four appropriation bills which will still await passage after next week, all of them require some authorization and three of them—defense, military construction, and foreign operations—lack nearly total authorization. Thus even if they were ready for House consideration today, it would be impossible to consider these bills without a rule waiving certain points of order with respect to authorizations.

Mr. GROSS. Let me say that it seems as though waiving points of order has become fashionable. It is not always the fact that the authorizing legislation has not yet been passed, because in terms of other legislation it seems to have become fashionable to provide rules waiving points of order. That is not confined merely to the appropriation bills.

Let me ask the gentleman from Texas a question concerning the language found on page 2 of the committee report, the fifth paragraph, wherein it says:

> Where there is *no budget estimate or if the budget request has been deferred* for later consideration, the rate for operations for continuing projects or activities shall not exceed the current rate.

What precisely is meant by the "current rate"?

Mr. MAHON. Those are mostly Health, Education, and Welfare items that are involved here. That would be the fiscal 1974 rate that would apply. As the gentleman knows, we do not have authorization for some HEW items, so we were not able to include a number of programs in the HEW appropriation bill which we expect to pass through the House next week.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. CEDERBERG. I thank the gentleman for yielding.

As the gentleman knows, regarding the September 30 date, I do not believe that this was a date that was just picked out of the air. I think it was a realistic date. The gentleman is well aware that sometimes in the past we have extended it for just 30 days, only to find ourselves in the position of having to come back and extend it for another 30 days. We hope this is a realistic date, and we will work to try to make it a realistic date.

The SPEAKER. The time of the gentleman has expired.

(By unanimous consent, Mr. GROSS was allowed to proceed for 1 additional minute.)

Mr. GROSS. The fact of the matter is that we are continuing to ignore the law, flouting the law which provides that Congress shall have its work done and its appropriation bills passed by July 31. Is that not correct?

Mr. MAHON. The law to which I think the gentleman refers is contained in the Legislative Reorganization Act of 1970 and provides that Congress shall adjourn sine die not later than July 31 unless Congress otherwise provides. This law does not mention appropriations bills.

We are not flouting the law, as Congress can provide, as it does, for a later sine die adjournment.

However, I am in full agreement with the gentleman from Iowa that it would be far better to be able to operate without a continuing resolution. Under the present circumstances that is just not possible.

Mr. GROSS. That is right. And the Democrats have been in control of the House for all but 2 of the 26 years I have been here; and we have to go through this year after year and year after year. I do not like it, I will say to the gentleman.

Mr. MAHON. We do not like the imperfections in our system, but in a legislative body we are compelled to work the will of the majority, and we are doing the best we can under all of the circumstances.

I thank the gentleman for his comments.

Mr. Speaker, I move the previous question on the joint resolution.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. WYDLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 393, nays 6, not voting 34, as follows:

[Roll No. 308]

YEAS—393

Abdnor	Clausen, Don H.	Gaydos
Abzug	Clawson, Del	Gettys
Adams	Clay	Giaimo
Addabbo	Cleveland	Gibbons
Alexander	Cochran	Gilman
Anderson, Calif.	Cohen	Ginn
Anderson, Ill.	Collier	Gonzalez
Andrews, N.C.	Collins, Ill.	Goodling
Andrews, N. Dak.	Conable	Grasso
Annunzio	Conte	Green, Oreg.
Archer	Conyers	Green, Pa.
Arends	Corman	Griffiths
Armstrong	Cotter	Grover
Ashbrook	Coughlin	Gubser
Ashley	Crane	Gude
Aspin	Cronin	Gunter
Badillo	Culver	Guyer
Bafalis	Daniel, Dan	Haley
Baker	Daniel, Robert W., Jr.	Hamilton
Barrett	Danielson	Hammer-schmidt
Bauman	Davis, S.C.	Hanley
Beard	Davis, Wis.	Hanna
Bell	de la Garza	Hanrahan
Bennett	Delaney	Hansen, Idaho
Bergland	Dellenback	Hansen, Wash.
Bevill	Dellums	Harrington
Biester	Denholm	Harsha
Bingham	Dennis	Hastings
Blackburn	Dent	Hays
Boggs	Derwinski	Hébert
Boland	Devine	Hechler, W. Va.
Bolling	Dickinson	Heckler, Mass.
Bowen	Dingell	Heinz
Brademas	Donohue	Helstoski
Bray	Downing	Henderson
Breaux	Drinan	Hicks
Breckinridge	Dulski	Hillis
Brinkley	Duncan	Hinshaw
Brooks	du Pont	Hogan
Broomfield	Eckhardt	Holt
Brotzman	Edwards, Ala.	Holtzman
Brown, Calif.	Edwards, Calif.	Horton
Brown, Mich.	Ellberg	Huber
Brown, Ohio	Erlenborn	Hudnut
Broyhill, N.C.	Esch	Hungate
Broyhill, Va.	Eshleman	Hunt
Buchanan	Evans, Colo.	Hutchinson
Burke, Calif.	Evins, Tenn.	Ichord
Burke, Fla.	Fascell	Jarman
Burke, Mass.	Findley	Johnson, Calif.
Burleson, Tex.	Fish	Johnson, Colo.
Burlison, Mo.	Fisher	Johnson, Pa.
Burton	Flood	Jones, Ala.
Butler	Flowers	Jones, N.C.
Byron	Flynt	Jones, Okla.
Camp	Foley	Jones, Tenn.
Carney, Ohio	Ford	Jordan
Carter	Forsythe	Karth
Casey, Tex.	Fountain	Kastenmeier
Cederberg	Fraser	Kazen
Chamberlain	Frelinghuysen	Kemp
Chappell	Frenzel	Ketchum
Chisholm	Frey	Kluczynski
Clancy	Froehlich	Koch
Clark	Fulton	Kuykendall
	Fuqua	Lagomarsino
	Gaydos	Landrum
	Gettys	Latta
	Giaimo	Leggett
	Gibbons	Lehman
	Gilman	Lent
	Ginn	Long, La.
	Gonzalez	Long, Md.
	Goodling	Lott
	Grasso	Lujan
	Green, Oreg.	Luken
	Green, Pa.	McClory
	Griffiths	McCloskey
	Grover	McCollister
	Gubser	McCormack
	Gude	McDade
	Gunter	McEwen
	Guyer	McFall
	Haley	McKay
	Hamilton	McKinney
	Hammer-schmidt	McSpadden
	Hanley	Madden
	Hanna	Madigan
	Hanrahan	Mahon
	Hansen, Idaho	Mallary
	Hansen, Wash.	Mann
	Harrington	Maraziti
	Harsha	Martin, Nebr.
	Hastings	Martin, N.C.
	Hays	Mathias, Calif.
	Hébert	Mathis, Ga.
	Hechler, W. Va.	Mayne
	Heckler, Mass.	Mazzoli
	Heinz	Meeds
	Helstoski	Melcher
	Henderson	Metcalfe
	Hicks	Mezvinsky
	Hillis	Michel
	Hinshaw	Milford
	Hogan	Miller
	Holt	Minish
	Holtzman	Mink
	Horton	Minshall, Ohio
	Huber	Mitchell, Md.
	Hudnut	Mitchell, N.Y.
	Hungate	Mizell
	Hunt	Moakley
	Hutchinson	Mollohan
	Ichord	Montgomery
	Jarman	Moorhead, Calif.
	Johnson, Calif.	Moorhead, Pa.
	Johnson, Colo.	Morgan
	Johnson, Pa.	Mosher
	Jones, Ala.	Moss
	Jones, N.C.	Murphy, Ill.
	Jones, Okla.	Murphy, N.Y.
	Jones, Tenn.	Murtha
	Jordan	Myers
	Karth	Natcher
	Kastenmeier	Nedzi
	Kazen	Nelsen
	Kemp	Nichols
	Ketchum	Nix
	Kluczynski	Obey
	Koch	O'Brien
	Kuykendall	O'Hara
	Lagomarsino	O'Neill
	Landrum	Owens
	Latta	Parris
	Leggett	Passman
	Lehman	Patman
	Lent	Patten
	Long, La.	Pepper
	Long, Md.	Perkins
	Lott	Pettis
	Lujan	Pickle
	Luken	Pike
	McClory	Poage
	McCloskey	Podell
	McCollister	Powell, Ohio
	McCormack	Preyer
	McDade	Price, Ill.
	McEwen	Price, Tex.
	McFall	Pritchard
	McKay	Quie
	McKinney	Randall
	McSpadden	Rangel
	Madden	Rarick
	Madigan	Rees
	Mahon	Regula
	Mallary	Reuss
	Mann	Rinaldo
	Maraziti	Roberts
	Martin, Nebr.	Robinson, Va.
	Martin, N.C.	Robison, N.Y.
	Mathias, Calif.	Rodino
	Mathis, Ga.	Roe
	Mayne	Rogers
	Mazzoli	Roncalio, Wyo.
	Meeds	Roncallo, N.Y.
	Melcher	Rooney, Pa.
	Metcalfe	Rosenthal
	Mezvinsky	Rostenkowski
	Michel	Roush
	Milford	Roy
	Miller	Roybal
	Minish	Runnels
	Mink	Ruth
	Minshall, Ohio	Ryan
	Mitchell, Md.	St Germain
	Mitchell, N.Y.	Sandman
	Mizell	Sarasin
	Moakley	Sarbanes
	Mollohan	Satterfield
	Montgomery	Scherle
	Moorhead, Calif.	Schneebeli
	Moorhead, Pa.	Schroeder
	Morgan	Sebelius
	Mosher	Seiberling
	Moss	Shipley
	Murphy, Ill.	Shoup
	Murphy, N.Y.	Shriver
	Murtha	Sikes
	Myers	Sisk
	Natcher	Skubitz
	Nedzi	Slack
	Nelsen	Smith, Iowa
	Nichols	Smith, N.Y.
	Nix	Snyder
	Obey	Spence
	O'Brien	Staggers
	O'Hara	Stanton, J. William
	O'Neill	Stanton, James V.
	Owens	Stark
	Parris	Steed
	Passman	Steele
	Patman	Steelman
	Patten	Steiger, Ariz.
	Pepper	Steiger, Wis.
	Perkins	Stephens
	Pettis	Stokes
	Pickle	Stratton
	Pike	Stubblefield
	Poage	Stuckey
	Podell	Studds
	Powell, Ohio	Symington
	Preyer	Talcott
	Price, Ill.	Taylor, Mo.
	Price, Tex.	Taylor, N.C.
	Pritchard	Thomson, Wis.
	Quie	Thone
	Randall	Thornton
	Rangel	Tiernan
	Rarick	Towell, Nev.
	Rees	Traxler
	Regula	Treen
	Reuss	Udall
	Rinaldo	Ullman
	Roberts	Van Deerlin
	Robinson, Va.	Vander Jagt
	Robison, N.Y.	Vander Veen
	Rodino	Vanik
	Roe	Veysey
	Rogers	Vigorito
	Roncalio, Wyo.	Waggonner
	Roncallo, N.Y.	Waldie
	Rooney, Pa.	Walsh
	Rosenthal	Wampler
	Rostenkowski	Ware
	Roush	Whalen
	Roy	White
	Roybal	Whitehurst
	Runnels	Whitten
	Ruth	Widnall
	Ryan	Wiggins
	St Germain	Williams
	Sandman	Wilson, Bob
	Sarasin	Wilson, Charles H., Calif.
	Sarbanes	Wilson, Charles, Tex.
	Satterfield	Winn
	Scherle	Wolff
	Schneebeli	Wright
	Schroeder	Wyatt
	Sebelius	Wydler
	Seiberling	Wylie
	Shipley	Wyman
	Shoup	Yates
	Shriver	Yatron
	Sikes	Young, Alaska
	Sisk	Young, Fla.
	Skubitz	Young, Ga.
	Slack	Young, Ill.
	Smith, Iowa	Young, S.C.
	Smith, N.Y.	Young, Tex.
	Snyder	Zablocki
	Spence	Zion
	Staggers	Zwach
	Stanton, J. William	
	Stanton, James V.	
	Stark	
	Steed	
	Steele	
	Steelman	
	Steiger, Ariz.	
	Steiger, Wis.	
	Stephens	
	Stokes	
	Stratton	
	Stubblefield	
	Stuckey	
	Studds	
	Symington	
	Talcott	
	Taylor, Mo.	
	Taylor, N.C.	
	Thomson, Wis.	
	Thone	
	Thornton	
	Tiernan	
	Towell, Nev.	
	Traxler	
	Treen	
	Udall	
	Ullman	
	Van Deerlin	
	Vander Jagt	
	Vander Veen	
	Vanik	
	Veysey	
	Vigorito	
	Waggonner	
	Waldie	
	Walsh	
	Wampler	
	Ware	
	Whalen	
	White	
	Whitehurst	
	Whitten	
	Widnall	
	Wiggins	
	Williams	
	Wilson, Bob	
	Wilson, Charles H., Calif.	
	Wilson, Charles, Tex.	
	Winn	
	Wolff	
	Wright	
	Wyatt	
	Wydler	
	Wylie	
	Wyman	
	Yates	
	Yatron	
	Young, Alaska	
	Young, Fla.	
	Young, Ga.	
	Young, Ill.	
	Young, S.C.	
	Young, Tex.	
	Zablocki	
	Zion	
	Zwach	

NAYS—6

Collins, Tex.	Landgrebe	Shuster
Gross	Rousselot	Symms

NOT VOTING—34

Biaggi	Gray	Quillen
Blatnik	Hawkins	Railsback
Brasco	Holifield	Reid
Burgener	Hosmer	Rhodes
Carey, N.Y.	Howard	Riegle
Conlan	King	Rooney, N.Y.
Daniels, Dominick V.	Kyros	Rose
	Litton	Ruppe
Davis, Ga.	Macdonald	Sullivan
Diggs	Matsunaga	Teague
Dorn	Mills	Thompson, N.J.
Goldwater	Peyser	

So the joint resolution was passed.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mr. Blatnik.

Mr. Hawkins with Mr. Dominick V. Daniels.

Mr. Rooney of New York with Mr. Dorn.

Mr. Riegle with Mr. Litton.

Mr. Howard with Mr. Mills.

Mr. Brasco with Mr. Rose.

Mr. Holifield with Mr. Quillen.

Mr. Matsunaga with Mr. Burgener.

Mr. Carey of New York with Mr. Railsback.

Mr. Macdonald with Mr. Goldwater.

Mr. Reid with Mr. Hosmer.

Mr. Diggs with Mr. Gray.

Mr. Biaggi with Mr. Kyros.

Mr. Davis of Georgia with Mr. Conlan.

Mrs. Sullivan with Mr. King.

Mr. Teague with Mr. Peyser.

Mr. Rhodes with Mr. Ruppe.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT ON H.R. 12799, ARMS CONTROL AND DISARMAMENT ACT AMENDMENTS

Mr. MORGAN submitted the following conference report and statement on the bill (H.R. 12799), an act to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 93-1125)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12799) to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8 and 9.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, and 7 and agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
PETER H. B. FRELINGHUYSEN,
WILLIAM S. BROOMFIELD,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
EDMUND S. MUSKIE,
HUBERT H. HUMPHREY,
GEORGE D. AIKEN,
CLIFFORD P. CASE,
JACOB K. JAVITS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12799) to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The following Senate amendments made technical, clarifying or conforming changes: 1, 2, 3, 4, 5, 6, and 7. With respect to these amendments, the House recedes.

ONE-YEAR AUTHORIZATION

Amendment No. 9: The House bill authorized $10.1 million for fiscal year 1975. The Senate amendment numbered 9 authorized $10.1 million for fiscal year 1975 and $10.9

million for fiscal year 1976. The Senate recedes with the understanding that the single-year authorization does not imply diminished support by the Congress of the Arms Control and Disarmament Agency. The conferees affirmed continued interest in strengthening the Agency and its effectiveness.

Amendment No. 8: The Senate amendment numbered 8 was a conforming amendment to the Senate amendment numbered 9. The Senate recedes with respect to amendment numbered 8.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
PETER H. B. FRELINGHUYSEN,
WILLIAM S. BROOMFIELD,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
EDMUND S. MUSKIE,
HUBERT H. HUMPHREY,
GEORGE D. AIKEN,
CLIFFORD P. CASE,
JACOB K. JAVITS,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 12412, FOREIGN DISASTER ASSISTANCE ACT OF 1974

Mr. MORGAN submitted the following conference report and statement on the bill (H.R. 12412) to amend the Foreign Assistance Act of 1961 to authorize an appropriation to provide disaster relief, rehabilitation, and reconstruction assistance to Pakistan, Nicaragua, and the Sahelian nations of Africa:

CONFERENCE REPORT (H. REPT. NO. 93–1126)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12412) to amend the Foreign Assistance Act of 1961 to authorize an appropriation to provide disaster relief, rehabilitation, and reconstruction assistance to Pakistan, Nicaragua, and the Sahelian nations of Africa, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Foreign Disaster Assistance Act of 1974".

Sec. 2. Chapter 5 of part I of the Foreign Assistance Act of 1961 is amended—

(1) by striking out of the chapter heading "Contingency Fund" and inserting in lieu thereof "Disaster Relief"; and

(2) by inserting immediately after section 451 the following new section:

"Sec. 452. Disaster Relief Assistance.—There are authorized to be appropriated, in addition to other sums available for such purposes, $65,000,000 for use by the President for disaster relief and emergency recovery needs in Pakistan and Nicaragua, under such terms and conditions as he may determine, such sums to remain available until expended."

Sec. 3. Section 639A of the Foreign Assistance Act of 1961 is amended—

(1) by striking out "the African Sahel" in the section caption and inserting "Drought-stricken African Nations" in lieu thereof;

(2) by striking out of subsection (a) "Sahelian";

(3) by striking out "$25,000,000" in subsection (b) and inserting "$110,000,000" in lieu thereof;

(4) by striking out "Sahelian" in subsection (b); and

(5) by adding at the end of subsection (b) the following new sentence: "Of the amount authorized to be appropriated under this subsection, not more than $10,000,000 shall be made available for Ethiopia."

Sec. 4. The Secretary of State shall keep the appropriate committees of Congress fully and currently informed of the ongoing status of any negotiations with any foreign government regarding the cancellation, renegotiation, rescheduling, or settlement of any debt owed to the United States by any such foreign government under the Foreign Assistance Act of 1961. The Secretary of State shall transmit to the Speaker of the House of Representatives, and to the chairman of the appropriate Senate committee, the text of any international agreement proposing a modification in the terms of such debt no less than thirty days prior to its entry into force, together with a detailed explanation of the interest of the United States in such modification.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows:

In lieu of the amendment of the Senate, amend the title so as to read: "An Act to amend the Foreign Assistance Act of 1961 to authorize appropriations to provide disaster and other relief to Pakistan, Nicaragua, and the drought-stricken nations of Africa, and for other purposes."

And the Senate agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
DANTE B. FASCELL,
PETER H. B. FRELINGHUYSEN,
WM. BROOMFIELD,
EDWARD J. DERWINSKI,
Managers on the Part of the House.

JOHN SPARKMAN,
GALE W. MCGEE,
HUBERT H. HUMPHREY,
GEORGE AIKEN,
CLIFFORD P. CASE,
J. JAVITS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12412) to amend the Foreign Assistance Act of 1961 to authorize an appropriation to provide disaster relief, rehabilitation, and reconstruction assistance to Pakistan, Nicaragua, and the Sahelian nations of Africa, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

STATEMENT OF FINDINGS

The Senate amendment contained a congressional finding of a need for relief, rehabilitation, and reconstruction assistance because of natural disasters in Pakistan, Nicaragua, and the drought stricken nations of Africa. The House bill contained no corresponding provision. The conference substitute omits the Senate provision.

TOTAL AMOUNTS AUTHORIZED

The House bill authorized a total amount of $115,000,000. The Senate amendment authorized a total amount of $150,000,000. The amount authorized by the conference substitute is the same as the Senate amendment.

AMOUNTS AUTHORIZED FOR NICARAGUA AND PAKISTAN

The House bill authorized $65,000,000 for Pakistan and Nicaragua. The Senate amendment authorized $50,000,000 for Pakistan and $15,000,000 for Nicaragua. The conference substitute is the same as the House bill.

ASSISTANCE TO AREAS IN AFRICA

The House bill authorized $50,000,000 for assistance to the Sahelian nations of Africa. The Senate amendment authorized $85,000,000 for assistance to the drought stricken nations of Africa, of which not less than $10,000,000 was for Ethiopia. The conference substitute is the same as the Senate amendment, except that the amount for Ethiopia may not exceed $10,000,000.

NOTWITHSTANDING PROVISION

The House bill provided, by amending section 639A of the Foreign Assistance Act of 1961, that the additional $50,000,000 authorized for the Sahelian nations of Africa could be furnished notwithstanding the restrictions of any law. The Senate amendment provided that the entire $150,000,000 authorized by the amendment could be so furnished. The conference substitute, in amending such section, provides that an additional $85,000,000 may be furnished without regard to any restriction of law.

REPORT TO CONGRESS ON MODIFICATION OF FOREIGN DEBT

The House bill contained a provision directing the Secretary of State to inform Congress concerning negotiations and agreements with foreign countries concerning modifications of debts authorized under the Foreign Assistance Act of 1961. This provision of the House bill also provided that such debts could be modified only pursuant to legislative authorization applicable to the original debt. The Senate amendment contained no corresponding provision. The conference substitute is the same as the House bill except that the provision relating to debt modification only pursuant to legislative authorization applicable to the original debt is omitted. The conferees recognize that, in certain instances, such notification may necessarily be transmitted on a classified basis; and note that, in such cases, appropriate safeguards will be exercised by the appropriate Congressional committees.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
DANTE B. FASCELL,
PETER H. B. FRELINGHUYSEN,
WM. BROOMFIELD,
EDWARD J. DERWINSKI,
Managers on the Part of the House.

JOHN SPARKMAN,
GALE W. MCGEE,
HUBERT H. HUMPHREY,
GEORGE AIKEN,
CLIFFORD P. CASE,
J. JAVITS,
Managers of the Part of the Senate.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to

the request of the gentleman from Florida?

There was no objection.

THE HOUSING AND URBAN DEVELOPMENT ACT OF 1974

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1182 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1182

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 27(d)(4) of rule XI to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15361) to establish a program of community development block grants, to amend and extend laws relating to housing and urban development, and for other purposes, and all points of order against sections 108(f), 115, 411, 414, 415(a), and 505 of said bill for failure to comply with the provisions of clause 4, rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 15361, the Committee on Banking and Currency shall be discharged from the further consideration of the bill S. 3066, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 15361 as passed by the House.

The SPEAKER. The gentleman from Florida is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Nebraska (Mr. MARTIN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1182 provides for an open rule with 3 hours of general debate on H.R. 15361, the Housing and Urban Development Act of 1974.

House Resolution 1182 provides that all points of order against sections 108(f), 115, 411, 414, 415(a) and 505 of the bill for failure to comply with the provisions of clause 4, rule XXI of the rules of the House of Representatives—prohibiting appropriations in a legislative bill—are waived.

House Resolution 1182 also provides that the bill shall be read for amendment by titles instead of by sections.

House Resolution 1182 provides that after the passage of H.R. 15361, the Committee on Banking and Currency shall be discharged from the further consideration of the bill S. 3066 and it shall be in order in the House to move to strike out all after the enacting clause of S. 3066 and insert in lieu thereof the provisions contained in H.R. 15361 as passed by the House.

H.R. 15361 authorizes $8.05 billion in contract authority for a new block grant program over a 3-year period. Eighty percent of the funds available each year would be allocated for use in metropolitan areas and 20 percent for use in nonmetropolitan areas. The block grant funds may be used to finance the full cost of carrying on all activities currently assisted by the following programs: the urban renewal program; the model cities program; the section 312 rehabilitaion loan program; the open space urban beautification-historic preservation program; the neighborhood facilities program; the advance acquisition of land program; and the water and sewer program. Funds may also be used to finance the local share required under other Federal grant programs which are part of the community development program.

H.R. 15361 also authorizes a new program, section 23(h), of housing assistance for lower-income persons through the construction or substantial rehabilitation of housing or the leasing of existing housing.

Mr. Speaker, decent housing is extremely important both to individuals and to our society. I urge the adoption of House Resolution 1182 in order that we may discuss, debate, and pass H.R. 15361.

Mr. Speaker, decent housing is extremely important to individuals and to our society. I have heard in the Committee on Rules the presentation of the contents of this bill, and I am very much impressed, as I am sure my colleagues on the committee were, with the fact that this bill is a very commendable one. It makes a great contribution to meeting the housing needs of our country, which have been too long delayed, and makes available by the Congress to the people the sort of housing assistance so much needed.

Therefore I am pleased to urge adoption of this rule in order that the House may consider and pass the bill H.R. 15361.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as previously noted, House Resolution 1182 provides for the consideration of H.R. 15361—the Housing and Urban Development Act of 1974. This rule is an open rule with 3 hours of general debate. The rule also has several other provisions. It waives the 3-day rule in order that the bill may be considered today, and waives points of order against sections 108(f), 115, 411, 414, 415(a), and 505 for failure to comply with clause 4, rule XXI, which deals with appropriations on a legislative bill. It also provides that the bill be read by titles instead of by sections for the purpose of amendment and, makes it in order to insert the House-passed language in the Senate bill.

The purpose of H.R. 15361 is to authorize funds for and amend the Nation's housing programs. The bill consists of six titles.

Title I authorizes a new community development block grant program, under which seven HUD categorical grant programs would be consolidated into a single block grant program. The new program will begin on January 1, 1975; $8,050,000,000 is authorized for the first 3 years of the program. In addition $100,000,000 would be authorized annually for fiscal years 1975, 1976, and 1977 for assistance to communities with urgent community development needs which cannot be met through the entitlements received pursuant to the Act. Eighty percent of the funds in this bill are to be allocated to metropolitian areas, and 20 percent are for nonmetropolitan areas.

In general, block grant funds may be used to finance activities currently carried on under the following programs. First, urban renewal; second, model cities—subject to a limitation; third, section 312 rehabilitation loan program; fourth, open space-urban beautification-historic preservation program; fifth, neighborhood facilities program; sixth, advance acquisition of land program; and seventh, water and sewer facilities program. In addition, funds may be used to finance the local share required under other Federal grant programs which are part of the community development program, to carry on special projects to remove architectural barriers which restrict the mobility and accessibility of the elderly and handicapped, and to carry on comprehensive planning and executive-management activities.

Title II authorizes a new program of housing assistance for lower income persons through the construction or substantial rehabilitation of housing or the leasing of existing housing. This title also extends the section 235 homeownership and 236 rental assistance programs for 1 additional year to June 30, 1975, in order to meet program commitments established by HUD at the time of suspension of the programs.

Title III contains provisions designed to increase the availability of and liberalize ortgage credit for housing and to abolish discrimination in mortgage lending on account of sex.

Title IV extends to June 30, 1977, the authority of the Secretary of Agriculture to administer various rural housing programs. This title increases funds for these programs and enables certain changes in the programs.

Title V establishes a new HUD program to encourage the formation of State development corporations, amends the "new communities" program and authorizes additional funds for the comprehensive urban planning program.

Title VI amends various laws relating to the lending and investment powers of Federal savings and loan associations, national banks, and Federal credit unions.

The total cost of all the titles in this bill is $9,662,250,000.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Nebraska. I am happy to yield to the gentleman.

Mr. ROUSSELOT. I thank the Gentleman for yielding. I wonder if the gentleman or the people from the Committee on Banking and Currency and the chairman of the subcommittee can explain why we have to waive points of order in here when normally this bill comes to us with an open rule. I wonder if there is an explanation as to why we have to waive all points of order as indicated.

Mr. MARTIN of Nebraska. I will be

glad to answer the gentleman. I just covered it in my explanation of the rule, but evidently the gentleman was not listening.

Mr. ROUSSELOT. Yes, I was. I just wish to reemphasize certain points.

Mr. MARTIN of Nebraska. The first waiver was in regard to clause 27, rule XI, which is the 3-day rule, because although the committee report itself was available last Monday, it was not complete as of that time in that it did not include the supplemental and additional views which are now in the report. Therefore that 3-day rule has to be waived because the complete report was not available 3 days before it was to be considered by the House.

In regard to the waiving of all points of order on various sections of the bill, this legislation provides for the transfer of funds currently in the department.

It also provides for setting up revolving funds which have to be waived under the rules of the House, and that is the reason for waivers in this legislation.

Mr. ROUSSELOT. In other words, if this provision was not contained in the rule, points of order could be made relating to the transfer of some of these funds; is that correct?

Mr. MARTIN of Nebraska. That is correct.

This practice has been going on for many years where we have new authorizing legislation, and it requires transferring money, and you have this currently in some of the operations of the department, and the authorizing legislation provides for the transfer of those funds, and we must waive points of order on that.

Mr. ROUSSELOT. Also because this is in the nature of an appropriation in an authorizing bill, is that not true?

Mr. MARTIN of Nebraska. I would question that statement. That is not my interpretation.

Mr. ROUSSELOT. That is my understanding of the basis of what I have been told, that it does effect, or that in the transfer of funds we are, in effect, acting to appropriate dollars in an authorizing bill.

Mr. MARTIN of Nebraska. That is the interpretation of the gentleman from California.

Mr. ROUSSELOT. How much is the total dollars that are involved in this particular transfer?

Mr. MARTIN of Nebraska. The gentleman from California is on the committee, and I presume the gentleman can answer that question better than I can because I am not on the Committee on Banking and Currency.

Mr. ROUSSELOT. On the basis of the discussion in the Committee on Banking and Currency, I was not absolutely sure, but maybe the gentlemen from the subcommittee could tell us how many dollars are involved in the transfer of funds that are protected by the waiver under this rule.

Mr. BARRETT. The gentleman is talking about the transfer of funds?

Mr. ROUSSELOT. Yes.

Mr. BARRETT. It will probably be less than a few million dollars.

Mr. ROUSSELOT. The items protected by the waiver in the rule?

Mr. BARRETT. Just a few million dollars.

Mr. ROUSSELOT. $2 million for the transfer of funds?

Mr. BARRETT. A few million.

Mr. ROUSSELOT. I understood it was more than that when we discussed it in the committee—approximately $4 million.

Mr. BARRETT. It may be a little above it; I am not sure.

Mr. ROUSSELOT. The only point that I wish to make to my colleague from Nebraska is that he has explained the rule, and I did understand it, and I was just trying to reemphasize it; that by voting for this rule we are providing for a transfer of substantial amounts of funds, under a waiver in the rule, to protect what funds would be in the appropriation. I am not saying that the whole House may not want to do that, but I think that my colleagues should understand that by waiving these points of order we are providing for appropriations in this bill.

Mr. PEPPER. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, I thank the gentleman for yielding me some time. I want to support the rule and to thank the Committee on Rules for the generous 3 hours for debate. I think we need that much time to deal with a bill that was tailored by the administration, and which was designed to be veto-proof. I think it is terribly wrong to legislate in that fashion.

What we have created is a bill that is going to satisfy the administration. It does not address itself to the need of providing decent housing for those who need it the most.

I want to thank the Committee on Rules for giving us 3 hours to debate this bill because it enables full and frank discussion of some of the very, very real injustices in the bill, and I will be speaking about these later.

For example, an injustice is clear when the rural poor are treated in a fashion different from the urban poor. An injustice is very, very clear when these people who are of the same socioeconomic bracket living in public housing, if they should move into the least-assisted housing, would not get the same benefits they receive while living in public housing.

So I am glad the Committee on Rules gave us 3 hours in which to debate this bill, because it will also give us an opportunity to discuss whether or not this House should move in a radical fashion, vis-a-vis housing in this country. We are moving from all of the regular conventional programs in housing to a new and relatively untried concept, and that is the 23(H) assisted housing program.

Unfortunately, there is nothing in this bill that provides for a transition period between the two extreme positions.

Mr. Speaker, I just wanted to thank the Committee on Rules for allowing us sufficient time so that we can debate fully and effectively these points in the bill.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15361) to establish a program of community development block grants, to amend and extend laws relating to housing and urban development, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15361, with Mr. NATCHER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas (Mr. PATMAN) will be recognized for 1½ hours and the gentleman from New Jersey (Mr. WIDNALL) will be recognized for 1½ hours.

The Chair now recognizes the distinguished gentleman from Texas (Mr. PATMAN).

Mr. PATMAN. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, H.R. 15361, the Housing and Urban Development Act of 1974, represents nearly 2 years of work by the Committee on Banking and Currency in an attempt to draw up a housing and urban development bill that can be acceptable to the Members of this House and a bill that would not meet with a Presidential veto. The Subcommittee on Housing and the full committee considered this bill in some 4 months of markup sessions and reported the bill to the House by a vote of 23 ayes, 3 nays.

Title I of the bill authorizes a new program of community development block grants to replace seven HUD categorical programs. This new block grant program would begin on January 1, 1975.

Title II authorizes a new housing assistance program for lower-income families building on the best of our past housing subsidy programs and recognizing the problems and failures of some of our existing subsidized housing programs.

Title III would extend the various insuring authorities of the Federal Housing Administration increasing the FHA loan and mortgage limits liberalizing FHA downpayments and making various improvements in the programs administered by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

Title IV would extend various program authorizations of the Farmers' Home Administration and would make important changes to improve the operation of these programs.

Title V would authorize a new program to encourage the formation of State development corporations and makes various amendments to miscellaneous HUD programs.

Title VI would amend various laws relating to the lending and investigative power of Federal savings and loan associations and national banks which will encourage these institutions to continue to make real estate related loans.

Mr. Chairman, I want to commend the Housing Subcommittee of the House Banking and Currency Committee for working so hard and long on the housing legislation we have before us. The chairman of the subcommittee, the Honorable WILLIAM A. BARRETT; the ranking minority member, the Honorable WILLIAM B. WIDNALL; Mr. ASHLEY, and Mr. BROWN of Michigan, and all of the members of the subcommittee deserve the applause of the House. Certainly no one would argue that this is a perfect bill, but, as we know, there is no such thing as perfection in the legislative process.

Mr. Chairman, members of the Housing Subcommittee of our House Banking and Currency Committee, will be discussing the bill in detail during general debate. I would hope that all members will listen to the debate and that during the amendatory process we may move as expeditiously as possible.

Mr. Chairman, I reserve the balance of my time.

Mr. Chairman, I yield now to the gentleman from Pennsylvania (Mr. BARRETT) such time as he may consume.

Mr. BARRETT. Mr. Chairman, I would like to compliment the chairman of the full committee (Mr. PATMAN) for his cooperation in expediting the proceedings on this bill in full committee. I would also like to commend my distinguished colleagues on the subcommittee, especially Mrs. SULLIVAN, Mr. REUSS, Mr. STEPHENS, and Mr. HANNA, for their attendance and attention to the matters that the subcommittee considered.

It is always a pleasure to work with the ranking minority members of the full committee and the Housing Subcommittee, the distinguished gentleman from New Jersey (Mr. WIDNALL) without whose splendid cooperation we would not have this bill before us today. I would also like to thank the distinguished gentleman from Ohio (Mr. STANTON) and the other members of the minority who proved most cooperative in reporting this bill.

Finally, Mr. Chairman, I would like to give special praise to my colleague from Ohio (Mr. ASHLEY) and my Republican colleague from Michigan (Mr. BROWN) without whose hard work, cooperation, and bipartisan support we would not be considering this bill today.

Mr. Chairman, there is no need to dwell on the urgent need of our cities and citizens for this bill. Since January 8, 1973, when the administration imposed a moratorium on HUD assistance programs hundreds of existing local renewal projects have been delayed, if not actually stopped; and our progress toward achievement of the national housing goal has suffered a severe setback. This bill is vitally needed if we are to get both housing and community development activities started again.

This bill promises to do just that. It is the successful result of a sincerely bipartisan effort to break the deadlock over HUD's housing and community development programs so that the Nation can resume its activities in these areas this year on a large scale and with broad political support. Its provisions are based on proposals advanced in three major bills: H.R. 10036, introduced by Mr. BARRETT and Mr. ASHLEY, which recommended programs of housing and community development block grants; H.R. 7277, introduced by Mr. WIDNALL, the administration's Better Communities Act; and H.R. 10688, also introduced by Mr. WIDNALL, which contained the administration's housing recommendations.

Mr. Chairman, I want to commend two members of the Housing Subcommittee for their outstanding efforts in developing this legislation: First, Mr. ASHLEY, who can rightly be called the architect of the bill; and second, Mr. BROWN, who worked long hours with Mr. ASHLEY and the administration in developing the accommodations that made this bill possible. In addition, I want to thank the distinguished ranking minority member of the subcommittee, Mr. WIDNALL, for his usual patience and cooperation and important contributions.

I cannot praise too highly the bipartisan spirit in which leading members of the committee went about the task of molding this bill. All subcommittee members deserve congratulations for the care with which they considered all aspects of this bill and for the restraint they exercised in withholding desirable but not absolutely essential amendments when the decision was made to move forward with a bob-tailed bill.

Mr. Chairman, I would now like to proceed with a description of the major features of the bill.

Title I of the bill authorizes a new program of community development block grants. Under this program, to be initiated during fiscal year 1975, HUD's categorical community development programs would be consolidated into a single block grant. The new program would authorize $8.05 billion in contract authority—subject to approval in appropriation acts—for its first 3 years, with limits on obligations of $2.45 billion in fiscal year 1975, $2.65 billion in fiscal year 1976, and $2.95 billion in fiscal year 1977. In addition, $100 million would be authorized annually for fiscal years 1975, 1976, and 1977, for assistance to communities with urgent community development needs which cannot be met through the entitlements received pursuant to the act.

Under the provisions of the title 80 percent of the funds available each year would be allocated for use in metropolitan areas, 20 percent for use in nonmetropolitan areas. In metropolitan areas, funds would be distributed first, to metropolitan cities and urban counties pursuant to a 3-part formula—based on population, housing overcrowding, and poverty counted twice; and second, to meet the "hold harmless" needs of metropolitan cities and urban counties—where those needs exceeded their formula entitlements—and other units of general local government which qualify for "hold harmless" treatment. Funds remaining in the metropolitan area allocation would be distributed among the metropolitan areas pursuant to the 3-part formula for use by States and units of local government in those areas.

In nonmetropolitan areas, funds would be used to meet the "hold harmless" needs of units of general local government which qualify for "hold harmless" "treatment", with the remaining funds to be allocated among the States pursuant to the 3-part formula for use by States and units of general local government in each State.

A HUD discretionary fund would also be established. Two percent of the funds available each year would be reserved by HUD for certain special community development needs, for incentive grants to communities carrying on areawide programs, and for carrying on innovative community development activities.

In general, block grant funds may be used to finance the full cost of carrying on all activities currently assisted under the following programs: the urban renewal program including NDP, code enforcement, and rehabilitation grants; the model cities program; the section 312 rehabilitation loan program; the open space—urban beautification—historic preservation program; the neighborhood facilities program; the advance acquisition of land program; and the water and sewer facilities program. Funds may also be used to finance the local share required under other Federal grant programs which are part of the community development program, to carry on special projects to remove architectural barriers which restrict the mobility and accessibility of the elderly and handicapped, and to carry on comprehensive planning and executive-management activities.

Applicants for block grants would be required to: First, identify community development and housing needs, including the submission of a housing assistance plan; second, describe planned activities to meet those needs; and third, provide assurances of compliance with civil rights and citizen participation requirements. Metropolitan cities and urban counties would also be required to submit 3-year programs designed to eliminate slum, blight, and deterioration where they exist, and to provide improved community facilities and services where necessary.

HUD would be required to approve applications of metropolitan cities and urban counties unless the Secretary found that the applicant's description of needs were clearly inconsistent with generally available data, or that its proposed activities were clearly inappropriate to meet those needs. HUD would also be required to conduct annual post-audits to determine whether the applicant had carried out its program in a satisfactory manner.

This new block grant program is expected to begin midway through fiscal year 1975—approximately January 1, 1975. To enable communities to continue existing urban renewal, NDP, and Model Cities programs through the first half of fiscal year 1975, such additional amounts, as may be necessary, would be authorized to be appropriated for the urban renewal and Model Cities pro-

grams. Amounts received by cities pursuant to these transition authorizations would be deducted from their first year entitlements under the new block grant program.

Title II of the bill authorizes a new program of housing assistance for lower income persons through the construction or substantial rehabilitation of housing or the leasing of existing housing. This new program, which would be carried on under a new section 23(h) of the Housing Act of 1937, would have the following major elements with respect to newly constructed or substantially rehabilitated units.

HUD would enter into contracts to make housing assistance payments with housing "owners" who construct or substantially rehabilitate housing to be occupied in whole or in part by lower-income families. Private profit and nonprofit entities and State and local public housing agencies would be eligible owners or developers of such housing.

The type of housing eligible for assistance could include congregate housing, and housing especially designed for elderly and handicapped families. Conventional or FHA-insured loans, loans from State housing finance agencies, and bonds issued by State or local public housing agencies could be used to finance the housing and HUD housing assistance contracts may be pledged to lenders to facilitate the provision of long-term financing.

The amount of assistance per unit would be the difference between the market rental established for the unit and from 20 to 25 percent of the tenant's gross income, as determined by HUD; market rentals would be established by HUD at levels determined to be reasonable for modest newly constructed rental or cooperative housing in the area, except that HUD would be permitted to set slightly higher market rentals when necessary because of special circumstances.

The term of an assistance contract may not exceed 20 years for privately owned housing or 40 years for publicly owned or financed housing; assistance payments may be made only: First, while a unit is occupied; second, for up to 60 days while vacant due to a breach by the tenant; or third, for up to 60 days while the owner is making a good faith effort to secure an eligible occupant.

The number of units assisted in a project could be 100 percent except that HUD is authorized to give preference to applicants requesting assistance for 20 percent or fewer units in projects. The assistance payments made by HUD with respect to these units may be increased as necessary to meet changes in reasonable and necessary operating expenses in projects.

Generally, those categories of families and individuals eligible for assistance under the public housing program whose incomes do not exceed 80 percent of the media income in the area—as determined by HUD for various sized families—would be eligible for assistance under this new program. At least 30 percent of families and individuals under the program must be of very low income—that is, having incomes less than 50 percent of median income in the area.

With respect to existing housing, units may be leased by local housing authorities under the same terms and conditions applicable to newly constructed or substantially rehabilitated units; and in communities without local housing authorities, HUD would lease units directly from housing owners.

Applications for housing assistance—under the new section 23(h) program or any comparable HUD program—in communities participating in the title I community development block grant program must be consistent with housing assistance plans submitted by them under the block grant program. These plans must: First, survey the condition of the community's housing stock and assess the housing needs of low- and moderate-income families living or expected to live in the community; second, specify the number and types of units to be assisted and the mix between new and existing units; third, formulate procedures to promote greater choice of housing opportunities and to avoid undue concentrations of assisted persons in areas containing a high proportion of low-income persons; and fourth, assure the availability of public facilities and services adequate to serve proposed housing projects.

In communities not participating in the community development block grant program, HUD may not approve an application for housing assistance unless it found that: First, the assistance to be provided is consistent with a housing assistance plan meeting the above requirements; or second, where no such plan exists, there is an urgent need for the housing, that housing opportunities would be expanded and undue concentrations of lower-income persons avoided, and that public facilities and services adequate to serve the proposed housing would be available.

HUD would allocate units available under the new section 23(h) program to States and units of general local government, taking into consideration assistance needed to fulfill local housing assistance plans and its own determination of housing need—which would be based on such objective measurements as population, poverty, housing overcrowding, housing vacancies, and substandard housing. Twenty percent of the units available would be allocated to rural areas.

This title also amends the low-rent public housing law to: First, authorize HUD to prescribe requirements as to sound management practices to be met by local public authorities; second, establish a minimum rent for occupants of public housing which would be equal to the greater of 10 percent of the gross income of the family or that portion of welfare assistance attributable to shelter—Brooke III, which prohibits the reduction of welfare assistance where public housing rentals are reduced, would be repealed, and rent increases resulting from the minimum rent provisions would be phased in to alleviate undue hardships; and third, increase by $1.225 billion the authority of HUD to enter into annual contributions contracts in fiscal years 1974 and 1975 to finance housing to be assisted under the new section 23 (h) program, conventionally built public housing pursuant to bona fide commitments, modernization of projects and adjustments to existing leases, and operating subsidies.

Finally, title II extends the sections 235 homeownership and 236 rental assistance programs for 1 additional year to June 30, 1975—with an increase in contract authority for the latter program—in order to meet bona fide program commitments established by HUD at the time of the suspension of the programs.

Title III of the bill contains provisions designed to increase the availability of and liberalize mortgage credit for housing and to abolish discrimination in mortgage lending on account of sex.

FHA's authority to insure mortgages and loans would be extended from October 1, 1974, to June 30, 1977, with the following important changes in existing law: First, maximum mortgage and loan amounts would be increased substantially, with single-family home mortgage limits increased from $33,000 to $45,000 and home improvement loan limits increased from $5,000 to $10,000; second, the downpayment required on FHA-financed homes would be reduced to 3 percent of the first $25,000 of the home's value, 10 percent of value between $25,000 and $35,000, and 20 percent of value in excess of $35,000; a $1,750 downpayment would be required on a $35,000 home, approximately half the downpayment required under existing law; and third, FHA would be permitted, on a demonstration basis until June 30, 1977, to insure mortgages on a coinsurance basis, under which lenders would bear at least 10 percent of any loss on mortgages in return for carrying out certain functions now performed by the FHA.

The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation would be permitted to purchase conventional mortgages of up to $55,000—$35,000 under existing law.

Finally, the denial of any federally related mortgage loan, insurance gurantee, or other aid on account of sex would be prohibited, and lenders would be required to consider without prejudice the combined incomes of both husband and wife in extending mortgage credit on federally related loans.

Title IV of the bill extends from October 1, 1974, to June 30, 1977, the authority of the Secretary of Agriculture to administer various rural housing programs. Cumulative authorizations for section 504 repair loans and grants would be increased from $50 to $75 million; for farm labor housing grants from $50 to $75 million; for self-help housing programs from $5 to $10 million; and for annual research grants from $250,000 to $1 million. The maximum amount of repair loans and grants would be increased from $3,500 to $5,000.

Another important provision in the title would permit the Farmers' Home Administration rural housing programs

to serve residents of communities of up to 15,000 population where the Secretaries of Agriculture and HUD jointly determine that there exists a serious lack of mortgage credit.

Under another provision, the Secretary of Agriculture would be authorized to establish a system of escrow accounts to enable rural borrowers to budget for the payment of taxes, insurance, and such other necessary expenses as the Secretary may deem appropriate.

Finally, new authority is provided the Secretary of Agriculture to make supplemental rental assistance payments on behalf of tenants in multifamily housing assisted under the FmHA section 514 and section 515 programs. This authority makes it possible to make housing available to rural low-income families at rentals which do not exceed 25 percent of their income.

Title V of the bill establishes a new HUD program to encourage the formation of State development corporations, makes various amendments to the law governing the "new communities" program, and authorizes additional funds for the section 701 comprehensive urban planning program.

HUD would be authorized to guarantee taxable bonds of State development agencies carrying out development activities which promote the sound growth and development of neighborhoods through the revitalization of slum and blighted areas—including the provision of housing and related facilities for families of low and moderate income. In addition to the guarantees, HUD is also authorized to make interest subsidy grants to cover 30 percent of the interest due on the taxable bonds. The amount of obligations guaranteed may not exceed $500 million.

With respect to new communities, the name of the Community Development Corporation—established by title VII of the 1970 HUD Act to administer the new communities program would be changed to the "New Community Development Corporation"; the size of the Board of Directors of the Corporation would be increased from five to seven members; and interest subsidy grants in connection with taxable bonds issued by public developers would be permitted to cover 30 percent of interest payable on the bonds—rather than the difference between the taxable and tax-exempt interest rate plus one-half of 1 percent, as under existing law.

Finally, an additional $130 million would be authorized for the section 701 program for fiscal year 1975.

Under title VI of the bill, the real estate lending authority of savings and loan associations and national banks would be liberalized. Savings and loan associations would be granted additional authority to make residential construction loans and the present $45,000 limitation of the amount of loan a Federal savings and loan association may make on a single-family dwelling would be increased to $55,000. Also, the home improvement loan limits applicable to savings and loan associations would be increased from $5,000 to $10,000.

With respect to national banks, section 24 of the Federal Reserve Act would be revised to authorize broader lending and investment powers for national banks relative to real estate.

Finally, this title would liberalize credit union lending authority and would provide for State insurance for credit unions.

Mr. THOMSON of Wisconsin. Mr. Chairman, I am concerned today that we not repeat past failures and enact housing legislation today which discriminates against residents of rural America. In nearly every major Federal program of social legislation the needs of rural communities and residents are systematically overlooked. In virtually every case, incentive subsidy programs shortchange rural needs and bestow a disproportionate share of our tax dollars on the cities.

I would like to remind the Members that while only about 30 percent of our Nation's population reside in rural areas, about 60 percent of the occupied substandard housing is outside our metropolitan areas—60 percent of the need for housing. Only 4 percent of metropolitan housing is substandard compared to 13 percent in nonmetropolitan areas and 15 percent in rural nonmetropolitan areas.

Compounding this vast need, is the stark fact that rural America cannot, by itself, provide the resources necessary to do the job. The median income of those living outside metropolitan areas is only 77 percent of metropolitan dwellers. Forty-four percent of our Nation's poverty families reside in rural communities.

What, then, has been the Federal response to this rural housing need? Has the Federal Government been part of the solution—or part of the problem?

The most recent HUD statistics I have seen, for a 30-month period ending in mid-1972, show that less than one-fourth of the 838,000 units covered by HUD assistance were in nonmetropolitan areas. Even if you add in the units assisted by the Farmers Home Administration, rural and small town America received, at most, only two-thirds of its legitimate entitlement.

The reasons are not hard to find. Our housing programs have regularly favored urban homeowners. For example, HUD has granted over $100 million to urban homeowners for rehabilitation of their properties. In rural communities, homeowners can get only loans from the Farmers Home Administration—and relatively expensive loans at that. HUD also has a rent subsidy program while the Farmers Home Administration has no such program.

The systematic neglect of rural housing has had its inevitable effect as evidenced in the statistics cited above showing the disproportionate housing need in rural communities. Lack of adequate housing has also contributed to the migration of millions of our citizens to our urban areas seeking the amenities of modern living. Unfortunately, they do not find it in the overcrowded cities and, in fact, contribute even more to the urban problems that this legislation purports to address.

In 1972, the Congress enacted the Rural Development Act and called for a national policy of balanced development. That law has been starved for financing, calling into question the sincerity of urban Members who piously supported its aims to reduce pressure on their cities. That pressure will not be removed by printing a new law. It must be followed through with action, with purpose, with money. It must be followed through by enacting other community development programs to harmonize with its objectives, ending the discrimination in favor of the cities which contributed to the pressure in the first place. It must be followed through by a housing bill which is fair to rural interests.

The legislation we consider today allots 80 percent of the total funding to metropolitan areas and only 20 percent to nonmetropolitan areas. Given the fact that 60 percent of the need is in the nonmetropolitan areas, I would like to ask the gentleman from Pennsylvania (Mr. BARRETT) how the committee can possibly justify this continued neglect and shortchanging of the legitimate needs of rural America?

Mr. WIDNALL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the House is considering today H.R. 15361, the Housing and Urban Development Act of 1974. This is urgently needed legislation which has received careful consideration from the Housing Subcommittee and full Banking and Currency Committee and a good bill resulted. The bill has 31 sponsors an unusual amount of support from the committee.

I do not believe a committee could work more diligently in striving for rational, practical, and responsive legislation which will have a tremendous impact on communities and people across the country.

I want to keep this short so as to allow time for others who may wish to be heard, but I would like to make one point. We should not look solely at the total dollar figure for this bill and say that it is too high. We must realize that the major portion of this legislation is a 3-year program authorization relating to community development which, admittedly, carries an $8.35 billion price tag.

The administration originally requested a $2.3 billion funding level for the first year of this consolidated program and is now seeking a $2.4 billion appropriation. On that basis, I think the current authorization level, which is $2.45 billion in the first year, is certainly reasonable and responsible.

I believe the allocation provisions are fair and that the needs of urban, suburban, and rural America are treated in equitable fashion. Both metropolitan cities and urban counties would qualify for direct formula shares of the funds based on objective factors. Other communities would be eligible for discretionary grants available for their particular State or metropolitan area.

We have also provided safeguards to prevent any drastic dropoff in community development funding for past recipients. Basically they will get their average level of past funding for the first 3 years under the program, and then be

phased down to their formula level, if any. Those larger communities, which have not been heavy users of the community development programs but which have great needs as evidenced by the objective formula, would be phased in to their formula level over the first 3 years. As for model cities, the basic commitment to 5 years of funding is honored except that the money would go to the elected local officials rather than the semiautonomous model cities agency. It would then be up to the local government to determine how to spend the funds.

I would also like to point out the committee's work in developing a definition of "urban county" to permit these urbanized areas to be funded by formula. Establishing this dependable funding mechanism for urban counties allows for a coordinated community development effort rather than the patchwork quilt resulting from each small community going its own way.

With respect to housing, the Administration recommended a modified and expanded section 23 leased housing program. The committee approved a similar program and I feel that we have developed a flexible form of housing assistance to benefit a broad range of needy people, especially the elderly and handicapped. Since I originated the section 23 program in 1965, it is quite gratifying to see its merit acknowledged in this manner.

As I indicated, this bill contains many special considerations for the elderly and handicapped. For instance, title I requires that the housing plan specifically survey the needs of the elderly and handicapped; authorizes construction of senior centers; and for the first time, specifically authorizes use of community development funds for removal of architectural barriers and thereby encourages a barrier-free environment.

Title II provides for projects to be specially designed for the elderly and handicapped; and, where exclusively operated for such special groups, they will be coordinated with the appropriate State and local plans designed to assist them through other agencies. The developmentally disabled person is recognized within the definition of "handicapped" and unrelated individuals are allowed to qualify as a family where one is necessary for the care and personal support of another who is elderly or handicapped.

We have also provided that at least 20 percent of the contract authority would go to house the elderly. I am sure the level will actually be higher when the true needs are surveyed. There is still more to be done, but I believe these provisions illustrate that the committee realizes that the problems of the elderly and handicapped are of major importance and require a total Federal commitment.

Difficulties in today's mortgage market are addressed in title III where the FHA mortgage ceiling is raised from $33,000 to $45,000. Downpayment requirements were lowered and other changes related to the secondary market—FNMA and FHLMC—have been made to encourage an increased flow of capital into housing. Title IV contains a number of provisions designed to improve rural housing opportunities, which when coupled with a set aside of at least 20 percent of the housing assistance funds for nonmetropolitan areas, provides a substantial Federal boost to the efforts to adequately house rural America.

There are numerous other meritorious provisions in this legislation. I hope the Members will review it carefully and ask any questions they might concerning the bill.

In closing, Mr. Chairman, I would just like to pay my own personal compliments to the chairman of our subcommittee, the gentleman from Pennsylvania (Mr. BARRETT) to the gentleman from Ohio, (Mr. ASHLEY) and to those members on our side, the gentleman from Michigan (Mr. BROWN) and the other members on our committee, for the very fine efforts they made and their contributions toward producing the final result.

I urge the adoption of the bill. It will materially help toward improving the economy, especially in the housing field, which is foundering at the present time.

I urge passage of this bill.

Mr. PATMAN. Mr. Chairman, I yield 14 minutes to the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, I want to acknowledge with thanks the very generous comments of my subcommittee chairman, the gentleman from Pennsylvania (Mr. BARRETT) and I wish to join in his commendation of the members of the subcommittee in particular on both sides of the aisle who are responsible for the legislation which is before us at this time.

I would be remiss, Mr. Chairman, if I did not also say, as was alluded to by my very good friend from New Jersey (Mr. WIDNALL) that there has been a most unusual and successful effort among the members of the subcommittee to deal with each other in the formulation of this bill on a basis of trust and confidence and give and take.

However, more than that, there has been this same successful effort as between the subcommittee and the members of the administration, specifically representatives of the Department of Housing and Urban Development, which, of course, is headed by Secretary James Lynn.

Mr. Chairman, H.R. 15361 is a most important piece of legislation: Not only for the beneficiaries of community development and housing funds, but for the administration and the Congress as well.

First, let me comment on its importance to our communities and their people.

The desirability of consolidating HUD's physical development programs—urban renewal, water, and sewer facilities, open space, 312 rehabilitation loans, and so forth—into a broad and flexible block grant is by now widely accepted. Under the new program, communities will be able to use these block grant funds for a wide variety of physical development activities without regard to the various restrictions and limitations of the existing categorical programs.

I want to emphasize, however, that communities must use their funds to achieve generally accepted national objectives: Eliminating and preventing slum, blight, and deterioration, providing lower-income housing, and improving community facilities and services. In fact, metropolitan cities and urban counties must undertake programs to meet all of these important needs.

And most important, all communities, large and small alike, will receive assured sources of funding:

Metropolitan cities and urban counties on a formula entitlement basis;

Suburban communities in metropolitan areas from special discretionary funds available in each metropolitan area; and

Rural communities from discretionary funds available to them in each State.

These funding provisions are extremely important, and each of us should study them carefully.

During the past several years, when the urban renewal application backlog reached aproximately $3 billion, and renewal appropriations ranged from $1 to $1.4 billion, it was highly unlikely that any community would receive what it needed, on the one hand, and highly likely that many would receive nothing at all, on the other. In a more limited way, the same was true of other HUD programs, particularly the water and sewer facilities program and the 312 rehabilitation loan program. By and large, a few cities received a lion's share of available funds.

The bill would change this present funding system—one based on competition rather than need—drastically.

First, metropolitan cities—central cities and other cities of 50,000 or over in metropolitan areas—and a limited number of urban counties would receive assured annual formula grants, based on population and need. There are approximately 500 such metropolitan cities and, potentially, up to 85 urban counties.

Second, suburban communities would apply for discretionary grants out of an assured amount available to them each year in every metropolitan area.

And third, rural communities would apply for grants out of an assured amount available to them each year in every State.

Of course, not every community would receive a grant annually. That is patently impossible unless we multiply the program's $8.50 billion authorization level by a factor of 3 or 4 or even more. But every nonformula community will be assured access to a definite amount of HUD funds every year; and that amount will grow annually. By the sixth year of the program—when the bill's "hold harmless" provisions have been phased out—even at the third-year authorization level of $3 billion, suburban communities will have access to nearly $1 billion in discretionary funds and rural communities to nearly $600 million.

The phaseout of hold-harmless over a 6-year period is, of course, unpopular with some cities. I believe, however, that the bill's provision of 3 full years of hold harmless, followed by a phasing down by thirds during the fourth, fifth, and sixth program years, is an eminently reasonable one. Without this new system, many

of these cities wil receve substantially less than the bill provides, or nothing at all.

Some have also questioned the bill's allocation of only 20 percent of the block grant funds to rural areas HUD data indicate, however, that in past years considerably less than 20 percent of HUD's categorical program funds have gone into these areas. And furthermore, these funds are in addition to funds available to rural communities under programs carried on by the Secretary of Agriculture.

All in all, I believe these distribution provisions—on which the Housing Subcommittee spent a great deal of time—treat all communities fairly, providing reasonable amounts to all, based primarily on a population and need basis. And, the hold-harmless provisions, coupled with the special 30^0 million transition fund, assure that no community need suffer drastic cutbacks in the interests of the new funding system.

While the new community development program is extremely important, the new housing program authorized by the bill is, in a sense, even more crucial. We have built very few new units for lower-income families during the past year and a half. Coupled with the concurrent slowdown in conventionally constructed housing, hundreds of thousands of lower- and middle-income families have been unable to improve their housing conditions. If anything, the deadlock over the future of Federally assisted housing has been even more disastrous than the delay in enacting a new community development program.

The new section 23(H) program builds on our experience with past subsidy programs—particularly the rent supplement and public housing programs—in order to provide a single new and very flexible tool for housing assistance. Under this one program:

New, substantially rehabilitated, and existing rental or cooperative housing would be assisted;

Private and public developers—such as State and local housing authorities—could sponsor, develop, and own housing;

Any form of financing—conventional, FHA mortgage insurance, or public financing—would be available to sponsors;

A broad range of income groups—up to 80 percent of median income in the particular area—would be eligible for assistance;

Subsidy would be based on need, with each eligible tenant required to pay between 20 and 25 percent of his income toward the fair market rental for the unit occupied; and

Assistance would be available for legitimate and necessary operating expenses in order to keep housing projects on a sound financial basis.

Most important, the bill would provide local elected officials a major decision-making role in the operation of the program in their communities, a reform that is long overdue. Local officials would exercise these new powers through decisions incorporated in their housing assistance plans.

These plans must: First, provide accurate surveys of the community's housing needs; second, specify the numbers and types of units to be assisted, particularly the mix between new and existing units; third, specify the general locations for assisted housing construction; and, fourth, assure the availability of public facilities and services to support that housing.

Every application for housing assistance must be submitted to the local government for its certification as to the application's consistency with its local plan. This local plan would thus govern the type of housing to be assisted and its general location in all communities participating in the community development block grant program. In other communities, HUD would be required, in approving applications for housing, to find that there was an urgent need for the housing, and that it would be served by adequate supporting facilities.

We expect this flexible new program to be the principal vehicle for providing housing assistance. However, I want to stress that the bill does not repeal any of the existing housing subsidy programs—the sections 235, 236, rent supplement, and public housing programs. We expect these programs to be used by HUD if the new 23(h) program does not prove effective.

Frankly, I do not expect that to happen. Since the new program contains the best features of our past programs, I believe it will work well. If it does not, I will be the first to propose changes in the program.

At the outset of my remarks, I said that enactment of this bill was important not only to our cities and their people, and to our metro and rural areas, but to the administration and the Congress as well. Let me explain why.

Both the administration and the Congress bear heavy responsibility for the current deadlock over Federal aid for housing and community development.

It was the administration which in January 1973 unilaterally stopped HUD programs, regardless of its statements that the programs, despite abuses, had helped hundreds of cities and hundreds of thousands of low- and moderate-income families. But, it was the House of Representatives which, only a few months earlier, in October of 1972 had refused even to consider a bill to continue the programs and to correct some of the abuses that had been detected. And, it was the same House which in the summer of 1973 failed to order the administration to carry out the programs until new ones were ready to take their place.

Thus, neither the administration nor the Congress lived up to its responsibilities to the American people. We know better than anyone that the spectacle of inaction for nearly a year and a half in this area can hardly have helped the image of Government in the eyes of our citizens.

This bill must be passed in this session of the Congress. All of us—cities, lower income people, the administration, and the Congress—stand to benefit from its enactment.

Mr. MINISH. Mr. Chairman, I rise in support of the bill H.R. 15361, the Housing and Urban Development Act of 1974. This bill was approved by the Committee on Banking and Currency on June 13 by an overwhelming vote of 26 to 3 after some 4 months of Housing Subcommittee and full committee markup.

This bill provides for a new program of community development block grants to replace 7 HUD categorical grant programs to begin on January 1, 1975. The bill would also authorize a new housing assistance program for low-income families and would make a number of changes in our existing public housing program. H.R. 15361 would extend the various insuring authorities of the Federal Housing Administration and would increase the FHA loan and mortgage amounts, as well as liberalizing the downpayment requirements. Finally, the bill makes a number of important changes to improve the operations of the Farmers Home Administration's rural housing programs, would encourage the formation of State housing development corporations, and would liberalize the real estate lending powers of Federal savings and loan associations and national banks.

Mr. Chairman, I would like to direct my remarks to two amendments offered by me during the committee's consideration of this bill.

The first amendment which was adopted overwhelmingly by the Committee would assure that a minimum 20 percent of the amounts of public housing contract authority entered into with the new authorization contained in this bill would be available solely for low-income housing and for the elderly. Since we do not have a separate elderly housing program as such and since this new assisted housing program will be the sole Federal subsidized housing program, I believe it is important that the Congress commit a certain amount of these funds so that elderly housing will be continued to be built.

My second amendment which was also overwhelmingly approved would retain the 10 percent of an elderly family's gross income to be deducted when calculating family incomes for eligibility and rent purposes. In an attempt to improve the operation of the public housing program, the Committee revised the method of calculating a person's income for purposes of rent and eligibility. In many public housing projects around the country there were families who were paying no rent since so many deductions were permitted that their income for eligibility purposes was zero, thereby permitting them to pay no rent. In an attempt to stop this practice, the Housing Subcommittee decided to end the practice of calculating rent income after these money deductions. Unfortunately, the elderly lost their 10 percent deduction in the process. Since the elderly families living in public housing were not among those who were benefiting from these money deductions, I felt that they should continue to be able to have this 10 percent deduction from their gross income for purposes of eligibility and payment of rent. I believe the Full Committee agreed with this justification, and I am pleased that this provision is contained in this

housing and urban development bill before us today.

Mr. Chairman, I urge the prompt adoption of H.R. 15361.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. WIDNALL).

Mr. WIDNALL. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Chairman, as a graduate of the homebuilding profession, I want to congratulate the Committee on Banking and Currency and the Housing Subcommittee on a fine piece of housing legislation. Mr. Chairman, we are all aware of the depressed state of the housing industry, and those who have tried to buy a house recently are more aware of it than those who have not.

There is doubtless general agreement that this degree of paralysis is an unavoidable byproduct of the battle against inflation, which has much to do with tight money and high interest rates.

That cause aside, private housing operations have been slowed considerably by rules and practices subject to more expeditious cure.

I have in mind several matters corrected by provisions of the legislation before us, H.R. 15361, the Housing and Urban Development Act of 1974.

For example, the $33,000 maximum FHA loan figure has been quite obviously unrealistic for some time. This legislation will increase the maximum to $45,000. Additionally, the limit for home improvements will be doubled, from $5,000 to $10,000.

In a further move toward the unfortunate reality of today's costs, the maximum mortgage loan that a savings and loan association may offer for a single family house will be raised from $45,000 to $55,000.

The act will increase the amount of money available for home construction and purchase by being less restrictive on national banks.

At present, a federally chartered national bank may not put more than 70 percent of its savings deposits into real estate loans. That rule is repealed by this legislation.

It is needless for me to point out, Mr. Chairman, that H.R. 15361 is addressed primarily to the vital areas of housing for the lower and middle incomes, and to the broad area of community development.

I do not feel, however, that the importance of the act's provisions to the private housing market should not be overlooked any more than the importance of the private housing market to the national well-being should be underestimated.

I enthusiastically support the enactment of the bill.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Chairman, I was one of the few in the committee who voted against this housing bill. I fully recognize the need, the urgent, pressing need for housing in this country. If anyone in this House knows about this need, I do, because in my district I have many people who are suffering because of a lack of decent housing.

I voted "No" because of three primary considerations. The first is that the subcommittee, the full Banking and Currency Committee, and perhaps this House will consider this bill under the threat of a Presidential veto. If this House is to be considered as a coequal in Government, we just should not legislate in that fashion. It does not matter whether we have a Republican President in or a Democratic President in office, legislation should not be done in this fashion. We should not yield and create legislation under the threat of a Presidential veto. That was one of my considerations.

A second consideration for voting "No" on the bill is the fact that there are some real injustices in this bill. By way of illustration, if we read the bill carefully, we will see that the urban poor are treated in a different fashion insofar as minimum rents are concerned than are the rural poor. If one is poor, he is poor. If one needs help, he needs help. It does not matter whether he is urban poor or rural poor. I think that is an injustice and I do not think the House should act favorably on a bill that contains that kind of injustice.

Let me speak about another very blatant injustice in the bill which is under the new section 23(h), the assisted housing program. Persons who are living in that kind of assisted housing program would not be entitled to certain benefits that presently accrue to the poor who are living in public housing. All this means, if I can describe it in a little more detail, is that if a poor family is living in conventional public housing and presently receiving certain benefits and exemptions, that family if it should move out of public housing into the lease assistance housing, that same family, whose economic circumstances would not have changed, would lose all its benefits and exemptions.

That is a gross injustice, it seems to me.

Another reason for my voting no on the bill, is the fact that 80 urban centers in this country will be penalized for exercising good judgment. They will be penalized for trying to provide housing under the existing housing law. We will hear a lot of talk about a hold-harmless provision, but that hold-harmless provision is going to end after the end of 3 years, and 80 urban centers in America are going to suffer.

One of my colleagues put it very, very well. He said, "I interpret this bill to mean that the urban centers will be punished for trying to do a good job under the old housing laws."

Let me deal with another consideration which entered into my "no" vote. You and I know the story of housing in our districts. We can walk through our urban districts and see where there is homeownership. We can note even in the very depths of a ghetto, that the family-owned properties are kept up. We can notice it on one side of a block, where homeownership is evidenced by the good looking appearance of the housing on that side, and then we look at the other side where we have rental kind of program, and we see the evidence of nonhomeownership—the deteriorated housing.

This bill totally abandons the concept of fostering homeownership for the poor. Believe me, my colleagues, maximum homeownership for citizens is the ultimate solution to many of our housing problems in this country.

One of the major difficulties with this bill is that all of us who have had some concerns about it have had to undergo a kind of semantic game as to any explanation of the bill. We will ask, as I did in the subcommittee and in the full committee, "What does this precise language mean?"

The person who is a proponent of the bill would respond by saying, "Oh, no, you can do very well what you want to do under this section of the bill or under this language of the bill." Then that same person will turn around—and I have overheard their conversations—and tell someone else, "No, that action is prohibited under that language." We cannot pass legislation that is open to that kind of loose interpretation.

Mr. Chairman, my colleagues, I have not been here very long, but I know the rules of the game in this House. I know full well that it is awfully difficult to get a bad bill amended into a good bill on the floor. I recognize what we are going to confront when we get into the amendment process. However, I can only hope that when we get into the amendment process, a sufficient number of good amendments will be passed so that I can change my vote from the way I voted in committee to an "aye" on the floor.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Chairman, I rise in support of H.R. 15361, the Housing and Urban Development Act of 1974.

This bill is, I think, a good bill and is a product of the legislative process at its best. This bill, in my opinion, represents a compromise between various competing forces and in the final analysis is in the public interest.

Probably, like a number of other Members, I am a bit troubled by the fact that the bill has a price tag of $10 billion of which almost $8½ billion is earmarked for community development. It should be understood, however, that the $10 billion is a total figure and it would cover a multiyear period.

We have inflationary problems and it is necessary to keep spending within reasonable bounds. We must nevertheless address ourselves to the problems of community development and to the problems of assisting in housing those people who quite simply are unable to provide for their own housing without some kind

of financial help from the Federal Government. I think the budget increases are modest enough that they can be defended.

Title I authorizes a new program of community development block grants to replace 7 HUD categorical grant programs. The $8.35 billion 3-year authorization averages out at about $2.8 billion per year compared with about $2 billion a year over the last few years for the various programs being replaced. I want to emphasize that if there are any cuts in the $8.35 billion earmarked for community development over a 3-year period any such reduction will only serve to reduce the discretionary allocation of funds that will otherwise be available for smaller communities.

Perhaps stated another way, the community development title of this bill in terms of both its coverage and its authorizations is, in the final analysis, a delicate balance that has been carefully struck by the committee. The committee's work should not be undone.

Now, what I have said does not mean that the community development title cannot be improved. For example, I and some of my committee colleagues object to requiring that a smaller community—those under 25,000—in seeking assistance for a single project activity like a vitally needed water and sewer grant must meet a whole litany of conditions precedent. I am very strongly inclined to the view that the HUD Secretary should be authorized to develop a reduced application process that would in such instances eliminate unnecessary redtape and the expense in filing a full blown application.

Title II of the bill would authorize a new housing assistance program for lower income families and amends in various ways some of the existing housing programs. I think the proposals which have been hammered out in the committee and in the Housing Subcommittee with aid and discussion from senior officials within the Department of Housing and Urban Development deserve a chance and may offer a realistic solution to help meeting the housing needs of the lower income families. We know that we simply cannot go on as we have been doing with the tremendously escalating costs of the existing programs. The new section 23 leased housing program offers a feasible approach to this problem.

I am particularly encouraged by the special considerations that are shown in Title II for the elderly and handicapped, and I would add that the same considerations are also reflected in the community development title.

Title III of the bill relates to mortgage credit and contains a number of vitally needed and tremendously important amendments. Unfortunately, because of the escalating costs of housing, the statutory dollar limitations now in the law and applicable to the FHA unsubsidized housing programs have rendered these programs all but inoperative. The increased limitations for the two secondary market corporations, FNMA and FHLMC, are also important and reflect again realistically the needs of the private mortgage market.

Title IV of the bill relating generally to the programs of the Farmers Home Administration makes a number of important changes which hopefully will substantially improve the operations of these programs.

Finally, Mr. Chairman, I want to say a couple of words about title VI of the bill which would amend various provisions relating to Federal savings and loan associations, national banks and federal credit unions. Without getting into specific details, it is important that we in the Congress to the fullest extent possible do what we can to facilitate housing production and financing but at the same time keep in mind the problems of inflation.

Some may and probably will differ with me, but it is my view, Mr. Chairman, that in toto H.R. 15361 is a good bill and I was pleased to cosponsor it and I am pleased to support it. I would hope that the House will concur and that it will pass the bill.

Mr. J. WILLIAM STANTON. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. J. WILLIAM STANTON. Mr. Chairman, I appreciate the gentleman yielding to me. I wish to join him in his remarks. I had the privilege of serving on the subcommittee, and through the subcommittee to the full Committee on Banking and Currency.

At this time, Mr. Chairman, I wish to congratulate all those who have been involved.

Mr. Chairman, I heard the remarks of our good colleague; the gentleman from Maryland, a minute ago with deep regret because a few weeks ago there was a doubt that we would have a bill.

The majority certainly has worked its will. We are very conscious of the amount of money in this bill, $10 billion. To me, it is a foundation that certainly can be built upon in this country, to tackle the major problems that we do have in the field of community development and housing.

Therefore, Mr. Chairman, it is with a certain element of pride that I back this bill. I would say to those who do not, what is the alternative, so that we can consider the alternative? Where would we be without this legislation that many of us worked hard to bring here to this House today?

Mr. Chairman, I certainly hope that the overwhelming majority of our colleagues will join with us in passing this legislation.

Mr. WYLIE. Mr. Chairman, I appreciate the comments of the gentleman from Ohio. I want to compliment him for his very significant contribution to the work of the Subcommittee on Housing and likewise to the full committee.

Also, I do want to take this opportunity to commend the distinguished chairman of the full committee the gentleman from Texas (Mr. PATMAN), the chairman of the Subcommittee on Housing (Mr. BARRETT), my friend, the gentleman from Ohio (Mr. ASHLEY), the gentleman from New Jersey (Mr. WIDNALL), the gentleman from Michigan (Mr. BROWN), and others, who have done tremendous work in bringing this bill to the House floor today.

Many members of the subcommittee have mentioned the particularly outstanding and tireless efforts made by Secretary James Lynn and his Under Secretary, Mr. James Mitchell, in resolving problems associated with putting together a housing bill. We are fortunate to have these able gentlemen in their vital public service positions.

Mr. PATMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. SIKES).

Mr. SIKES. Mr. Chairman, I am glad to associate myself with the remarks of those who have spoken in support of this legislation. I think it is a very good bill. I know that it has been carefully drafted after much work on the part of the committee.

The distinguished chairman of the full committee, the distinguished chairman of the subcommittee, and their counterparts on the minority certainly are to be commended for the leadership they have shown in the development of this bill.

Mr. Chairman, this bill will serve an important need. We must have new and effective legislation in the field of housing. The industry is hard pressed by tight money, high-interest rates, and scarcities. New legislation can be helpful. I feel that this bill provides a definite forward step, and I support it.

Mr. PATMAN. Mr. Chairman, I yield 8 minutes to the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I rise in support of H.R. 15361, the Housing and Community Development Act of 1974.

This is a bill on which I have worked, as a member of the Housing Subcommittee and the Banking and Currency Committee, for the past 6 months. It is a bill which authorizes an innovative community development block grant program that grew out of recommendations of a housing panel convened 3 years ago, when our subcommittee decided to totally revamp the manner in which we forged housing and community development legislation.

H.R. 15361 also calls for the expansion of the section 23 leased housing program and almost total reliance on section 23 as the primary Federal subsidized housing vehicle.

The bill envisions the construction or rehabilitation of approximately 400,000 units of leased housing in fiscal year 1975. We drafted this new program as a complement to the new community development block grants, so that for the first time in history, governments receiving community development funds will know in advance just how much housing assistance they can count on.

By allocating available Federal housing and community development funds on the basis of need, as identified through census data, we have discarded the somewhat questionable practice of grantsmanship and introduced an element of mathematical equity which never before has existed in the dispensing of funds under HUD categorical programs.

TITLE I IS GOOD FOR BIG CITIES

The bill, and particularly title I, is supported by the League of Cities Conference of Mayors because the bill will not so much mean money for metropolitan cities but a certainty of money to the cities.

My local officials have told me that they would rather know that they were assured of $9 rather than have a hope of $10 because the assurance allows them to plan ahead.

Furthermore they can have their cake and eat it, too.

The committee has carefully considered the legitimate community development funding problems of large cities.

In those cases when a city's community development formula grant is less than its hold harmless amount, the committee has provided for a sustained weaning process so that a city will receive the lesser figure only at the end of 6 years.

In the meantime, under the hold harmless device, a metropolitan city is guaranteed for the first 3 years of the program, an amount equal the average amount of money it has been getting from HUD for fiscal years 1968 through 1972.

After those 3 years are up, a metropolitan city is then phased into its formula share by thirds until year six of the program when it finally receives the amount it is entitled to under the formula.

In addition, metropolitan cities can apply to the Secretary, in each of the first 3 years of the program, for a special $100 million pot reserved for cities whose ongoing community development programs demand more than their hold harmless share.

Furthermore, if a city still needs additional funds, it may apply to the Secretary for the discretionary money remaining in its SMSA after all other community development demands have been met.

Thus large cities are given three cracks at the annual appropriations.

TITLE I IS GOOD FOR SMALL CITIES AND OTHER SMAS COMMUNITIES

In establishing the block grant the committee was cognizant of the fact that metropolitan cities hold no exclusivity on the problems of blight, overcrowding and poor community facilities.

For this reason the committee has authorized more money for small cities and other governments within SMSA's than has ever been available in the past.

The triple crack at community development block grants is also extended to cities whose population is no more than 50,000 people.

In those cities with a population below 50,000 and other nonmetropolitan governments within SMSA, will be given 2 basic sources of funding, the hold-harmless section and the remaining SMSA balances which will be distributed on a discretionary basis.

In fiscal year 1975, hold harmless for small cities and other governments will be approximately $220 million, with an additional $125 million in the discretionary pot for a total of $345 million. In fiscal year 1976, this total grows to $540 million, $185 million in hold harmless and $355 million in discretionary funds. And in fiscal year 1977 the total funding available for nonmetropolitan cities in SMSA's is $600 million, with $180 million in hold harmless and a whopping $420 million in discretionary funds.

TITLE I IS GOOD FOR RURAL AREAS

And for the first time in history, the committee has earmarked 20 percent of all funds appropriated under this act for rural areas.

What this means is that in fiscal years 1975 through 1977, nonmetropolitan rural areas are guaranteed $490 million, $530 million, and $590 million in each of those three fiscal years, respectively, based on the authorization set by the committee.

TITLE I IS GOOD FOR ALL AMERICANS

I submit to those who say the community development funding is deficient that more money to serve more of the people of this Nation, in large cities, smaller towns and cities, and rural areas, is available in this bill than has ever been authorized in the past.

THE TITLE II HOUSING PROGRAM IS BENEFICIAL TO ALL AMERICANS

Mr. Chairman, I am less than totally and wildly enthusiastic about title II.

Like Samuel Gompers—"I want more." But like Samuel Gompers I recognize that there are practical, pragmatic limits to how much more you can get in any one labor negotiation or any one piece of legislation in any 1 year.

There are those who have attacked the committee's decisions to authorize $1.225 billion to maintain existing public housing and to build or rehabilitate 400,000 units of section 23 leased housing as inadequate.

While there is some truth to the claim that this decision by the committee is partly in reaction to a threatened veto, a solid argument can be made that the number of units authorized compares very favorably with the 433,000 subsidized units built in 1971, the greatest production year under the federally subsidized housing programs.

Section 23 leased housing, as designed by the committee, is flexible enough to serve both those with very low incomes as well as those with moderate incomes.

In fact the bill stipulates that at least 30 percent of all subsidized units must be allocated to the very poor—those whose income is below 50 percent of the median income for the area.

We have established even more flexible guidelines for the development of section 23 units for the elderly.

By wedding the receipt of housing assistance to the community's needs and willingness to build housing, as reflected in their community development applications, the committee has constructed an inseparable link between housing and community development.

This linkage has never existed before and is a factor in the failure of certain housing projects which relied on the Federal Government for assistance.

If there is one thing our committee has learned in the years it has drafted housing legislation it is that we cannot have effective housing programs without local government providing adequate facilities and services and a healthy community environment for housing.

My father once told me of a certain kind of beatitude which he described as the calm confidence of a Presbyterian holding four aces.

You have got that in this bill.

No. 1 Ace—A good community development program for big cities.

No. 2 Ace—A good development program for small cities and other SMSA communities.

No. 3 Ace—An excellent community development program for rural areas.

No. 4 Ace—A good housing program for all Americans.

I urge prompt passage of the bill.

I would like to ask the gentleman from Pennsylvania, the distinguished chairman of the Housing Subcommittee, if I am correct in assuming that nothing in H.R. 15361 will alter the will of Congress, as reflected in Public Law 89-665, to protect our historic resources of National, State, and local significance?

Mr. BARRETT. The gentleman is entirely correct. Let me assure him that H.R. 15361, specifically in section 104, provides that applicants for community development block grants, when carrying out their activities, must take into account appropriate environmental factors which clearly includes historic resources. Further, the applicant, in assuming the responsibilities of the Secretary under the National Environmental Policy Act, also assumes full responsibility for complying with applicable laws which includes the National Historic Preservation Act, and that the Secretary shall not approve any application that does not meet these requirements. Finally, not only does H.R. 15361 continue the protective provisions of the 1966 act, but it also provides in section 105 that preservation or restoration of historic sites is an eligible project.

Mr. MOORHEAD of Pennsylvania. I ask the gentleman another question. Title I of the bill providing funds for community development includes among the eligible activities to be assisted are those for neighboring facilities. Among the neighborhood facilities, is it not the intent of the committee that this would include recreation and cultural facilities?

Mr. BARRETT. I most heartily agree with the gentleman. As set forth in the purposes of title I, is to further the achievement of a decent home and suitable living environment for every American family. In furtherance of that purpose, neighborhood facilities most definitely may contain recreational and cultural facilities.

Mr. KARTH. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman from Minnesota.

Mr. KARTH. Mr. Chairman, I congratulate the gentleman on his statement, but let me ask the gentleman a very simple question.

The gentleman's first reason for supporting this bill, as I understood him to indicate, was that it is better to be assured of $9 million, for example, than

to be promised $10 million and probably not get it.

However, my city, for example, St. Paul, Minn., which has had an enviable record, I am proud to say, in this housing program, will be cut from $16 million to $2 million. Now, it is true that they may be guaranteed the $2 million, but I would like to suggest to the gentleman that there really is not much housing one can provide with $2 million, whether we get it or not.

Mr. Chairman, this is the question I would like to raise: In areas where enviable jobs have been done indeed and where the record is one that might be termed immaculate, if that is the proper description, why should they suffer as a result of having done a good job?

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I will say to the gentleman that my own city of Pittsburgh will have a declining share, because we have had the benefit of the "Pittsburgh Renaissance."

This does not please me at all, I can assure the gentleman. However, if we are going to have a formula based on the needs of the city rather than past performance, then the gentleman's city and my city may suffer.

Let me assure the gentleman of one other thing, and that is this: In addition to the hold-harmless, which will keep the gentleman's city and my city at the same level for 3 years, there is also a discretionary fund of $100 million per year for the next 3 years to tide the cities such as the gentleman's city and my city over any particularly distressing situations. And then I will say that in an SMSA, such as the gentleman's or mine, where other communities do not apply or do not qualify for aid, that money is available for the gentleman's city and to mine.

So our cities have three funds from which they can draw money. What the formula gives them is the minimum amount a floor, not a ceiling.

Mr. KARTH. Mr. Chairman, would the gentleman be kind enough to yield just for one observation?

Mr. MOORHEAD of Pennsylvania. Yes, surely.

Mr. KARTH. Mr. Chairman, I am delighted to hear the further explanation which has been made by the gentleman from Pennsylvania. It assures me to some degree at least that greater equity is going to be given than I originally understood was contained in this bill.

I would also like to suggest to the gentleman that—and I hope the gentleman is a conferee—when the conferees get to the point of conferring with the other body, they might find it acceptable to agree with some of the increases that the other body, as I understand it, has provided in its legislation.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I hope the gentleman will not insist upon that as a firm commitment.

Mr. RONCALIO of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman from Wyoming.

Mr. RONCALIO of Wyoming. Mr. Chairman, I appreciate the observations made by the gentleman from Minnesota. I have the same concern that has just been expressed by the gentleman as it relates to the cities, for instance, of Cheyenne and Casper. These cities in my State will suffer losses in the same ratio as those suffered by Pittsburgh or St. Paul, Minn.

I would like to say to my good friend, the gentleman in the well, that I hope he will be a conferee, and I would suggest he give consideration to the Senate version of this bill, which will at least preserve in the law the participation of these cities and these smaller areas as they are embodied in present law. I am thinking of an amendment which may be offered by me and the gentleman from Vermont (Mr. MALLARY) which may save hold-harmless at least a few of these places like Wyoming, Alaska, and others.

Mr. MOORHEAD of Pennsylvania. And Pittsburgh.

Mr. RONCALIO of Wyoming. And including Pittsburgh, yes.

In any event, we do not even have one qualifying metropolitan area or one qualifying urban area, according to these definitions. An amendment as follows would cure this defect but I have no allusions regarding it's success:

On page 29, after line 19, add a new Subsection (L):

"(1) Notwithstanding any other provision in this section, the Secretary shall not deny applications and shall grant participation at a level at least equal to that of fiscal year 1974 to States which do not contain metropolitan cities or urban counties and to the political subdivisions thereof which meet the criteria for assistance under Section 105."

For these reasons, I will probably vote against this legislation because I believe it unreasonably punishes the remotely populated areas of America to provide the needed help for its poorly housed populations of the inner cities.

Under the definitions we are being cut out. I think it is grossly unfair, so we will be heard later on this afternoon on that.

Mr. MOORHEAD of Pennsylvania. I hope the gentleman listened to my explanation of the additional funds. What we are talking about in the formula is the minimum.

Mr. RONCALIO of Wyoming. Yes.

Mr. MOORHEAD of Pennsylvania. It is not a ceiling but a floor.

Mr. RONCALIO of Wyoming. Perhaps we can get some legislative history made in this debate today that will insure participation by the little communities.

I appreciate the gentleman yielding me this time very much.

Mr. SEIBERLING. Will the gentleman yield a little more of his time?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman.

Mr. SEIBERLING. The city of Akron, which I represent, for the last 12 years spent an average of $6.25 million a year on urban renewal, and yet under this bill they would be cut back from $10 million in year 1 to $4 million in year 6. Yet with the $6.25 million they have only covered 10 percent of the area in need of renewal in the city. I wonder how we can go back to our people and face them with this kind of a bill.

Mr. MOORHEAD of Pennsylvania. I will say to the gentleman the area I represent is in a similar situation. I reiterate that the formula shared in the 6th year is the floor and not the ceiling. The advantage is that the mayor and the city council and the county commissioners know absolutely—as long as they live up to the same general provisions in the bill—they will have this minimum to work with.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. SEIBERLING. May I ask the gentleman have we any assurances that the discretionary fund is going to be used on the basis of need rather than politics?

Mr. MOORHEAD of Pennsylvania. I would say that the Secretary of HUD comes from Ohio. I think he is a very fine gentleman. I think he is an able Secretary. I think he will decide on the basis of need.

Mr. WIDNALL. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia (Mr. ROBERT W. DANIEL, Jr.).

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, I support the community development-block grant approach for assisting our cities in solving their urban redevelopment and housing problems. The legislation being considered today, H.R. 15361, has many good features which deserve everyone's support. However, there are some significant features contained in the other body's community development bill, S. 3066, which I would like to go on record as supporting in order that our conferees will be aware of these important concerns when they meet to resolve the differences in these two pieces of legislation.

First, H.R. 15361 does not deal adequately with the problem of providing housing which persons of moderate and low income can realistically afford. I am not satisfied with the legislation's reliance on a single new unproved leased housing program for providing housing for persons whose income range from minimum social security benefits to $10,000 or $11,000.

Second, I am particularly concerned for our elderly citizens living on very low-fixed incomes who badly need housing they cannot afford, which we know can be provided through more tested and proven means. I am not willing to experiment with these people who are suffering enough at this time. I specifically want to see public housing for the elderly continued and the section 202 direct loan program reinstated. These programs have been proven successfully. If the experimental leasing program lives up to the Department of Housing and Urban Development's expectations, the option of replacing these programs is readily available.

Third, this bill contains no allocation of funds to complete existing redevelopment projects as does S. 3066. I do not want to mislead local officials with regard to the availability of the authorization contained in this legislation or undertaking totally new programs in our

cities. At the same time, I feel this legislation should more adequately protect those cities who took the initiative for renewal with programs previously available, which were much more difficult to obtain and utilize than this legislation contemplates.

I would like to reiterate my support of community development-block grant legislation, but I caution the members to be mindful of these very important areas of concern for our citizens.

Mr. WHITEHURST. Will the gentleman yield?

Mr. ROBERT W. DANIEL, JR. I yield to the gentleman.

Mr. WHITEHURST. I thank the gentleman for yielding.

Mr. Chairman, I want to express my reservations about the wisdom of certain aspects of H.R. 15361, particularly with respect to the "hold harmless" provision of title 1. Generally, I applaud the committee's initiative in devising a system of block grants for community development. This approach will mean fewer Federal restrictions and will allow greater flexibility in program development on the part of local officials. However, the title 1 allocation formula adopted by the committee will result in a sharp decrease in funding for more than 100 cities now actively involved in urban renewal and model cities programs.

In my district, the city of Norfolk, Va., received $33.4 million in Federal assistance for these community development programs in fiscal year 1972. Since that time, its funding level has been cut to $17.7 million. Under the allocation formula established by the committee bill, Norfolk will receive only $6.1 million in fiscal year 1980. Obviously, this dramatic decrease in Federal support will severely restrict Norfolk's efforts to maintain a healthy urban environment for its residents.

The committee's desire to include cities in the community development program which have received little or no Federal assistance in the past for community development activities is laudable. However, in so doing, the committee has unnecessarily penalized those cities which have traditionally been most active in the urban renewal and model cities programs. This deprives the cities which are most experienced and which have been most aggressive in implementing innovative community development programs from undertaking new initiatives. I would have preferred a much stronger "hold harmless" protection in title 1 so that the funds for Norfolk and many other cities would not be cut so drastically. The Senate bill contains a "hold harmless" provision which, in my judgment, is much more equitable. It is my hope that when the House-Senate Conference meets on this issue, it will adopt a "hold harmless" provision similar to the one passed by the Senate.

Another troubling aspect of the House bill is the doubt which has been raised over the future of conventional public housing for the elderly under the section 23 program. Although the bill itself does not appear to terminate this program, there is language in the legislative history which indicates the commttee's desire to phase it out. I believe that the tested and proven conventional public housing for the elderly should continue to be utilized under the section 23 housing program and I hope that the House-Senate Conference clarifies the intent of the section 23 program in this regard.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I rise in support of H.R. 15361, the Housing and Urban Development Act of 1974. This bill is the product of many months of difficult and dedicated work by the Banking and Currency Committee, and especially by the Subcommittee on Housing. The members of that subcommittee deserve a tremendous amount of the credit for the fact that there is a bill before us today for a vote. Their success at the hard task of mediating divergent views, and then translating them into meaningful legislation, deserves our recognition and our support.

Perhaps the bill's strongest point is the fact that it is a good compromise between administration and congressional views. The "hawks" and supporters of generous Federal housing and community development programs might argue that this bill does not go far enough and does not spend enough money to meet the needs. The "doves" and fiscal conservatives feel that our programs are inefficient and inflationary and that this bill is more than we can afford at a time when Congress should be curbing inflation through less spending.

Whenever one hears views such as those, it is usually a pretty good indication that a decent compromise has been struck. There are portions of this bill where I would have preferred to see larger authorizations of funds. Under the new block grant formula, there are some cities in my area which face funding reductions. These cities have been successful in the past competition for categorical grants, and a larger authorization might help them. But because they have a fair "hold harmless" provision, I am willing to accept this trade-off because it will free up and expand the amount of funds which smaller, uninitiated cities can begin to compete for. I think the committee did its best to balance past performance of active community development cities and the needs of smaller, but equally needy new cities.

The new community development block grant program is especially attractive because it is a great deal simpler than the old categorical programs, especially regarding applications for funds. Cities will still have to provide a basic blueprint for their plans, but the requirements are simplified and do not present the same hardships that the existing workable program requirements do.

The housing sections of the bill are possibly the most controversial. But they are also the heart of the bill's compromise. If our experience in dealing with housing programs since the freeze a year and a half ago proves anything, it is that we need to continue our review of housing needs. The problems are great, and a single bill cannot solve them all. Opinions on our housing programs and possible solutions differed greatly, and if the committee had attempted to revitalize all our housing programs in this bill, it would never have been able to agree on a bill. I think the bill offers a wise middle ground with the section 23(h) leased housing program. It gives us at least an interim program, without the risk of a hopeless deadlock with the administration.

The mortgage provisions of the bill are equally crucial and probably will contribute the most to greater housing production. Increasing the maximum FHA ceiling for insured loans to $45,000 is a must for my district. It is nearly impossible to find a home there anymore for less than the present ceiling of $33,000.

Finally, Mr. Chairman, I would like to indicate my support for the specific attempts in this bill to single out the problems and needs of the elderly and the handicapped. Along with several of my colleagues, including the distinguished ranking minority Member (Mr. WIDNALL) I signed supplemental views to the committee report which properly emphasized the efforts to provide additional recognition and support for elderly and handicapped programs. Included in the bill are requirements for elderly and handicapped needs to be addressed in community housing plans, the inclusion of senior centers as allowable projects under title I block grants, funds for removal of architectural barriers for elderly and handicapped, and other specific provisions aimed at distinguishing elderly and handicapped needs in housing programs. I think the bill makes good sense in this regard, and I hope that other Members will recognize the efforts of the Committee in providing for this group's interests.

In summary, Mr. Chairman, I would just add that this bill is the best compromise we could have produced. It may be too much for some and too little for others, but it is just about right for all of us. It has been nearly 4 years since the Congress passed a housing and urban development act. The changes made in this bill will make a difference, especially in community development programs. In housing, we can only resolve to keep working on better ways to help the poor and disadvantaged. But we must have some sort of interim program. This bill will do that. And I urge its passage.

Mr. FRASER. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I am delighted to yield to my distinguished colleague and friend, the gentleman from Minnesota (Mr. FRASER).

Mr. FRASER. Mr. Chairman, I thank the gentleman for yielding. I hope the gentleman will yield to me so that I might inquire of the gentleman from Ohio (Mr. ASHLEY) upon a matter concerning certain provisions in the bill now before us.

Mr. FRENZEL. I do so yield to the gentleman.

Mr. FRASER. The question that I

would like to pose to the gentleman from Ohio is this:

Section 107 of the bill authorizes the Secretary of HUD to make community development grants to States and units of local government which join in carrying out areawide housing and community development programs.

In the Minneapolis-St. Paul area we have a rather unique areawide governmental agency known as the Metropolitan Council. The Minnesota State legislature has authorized the Council to serve as housing and redevelopment authority for local communities in the seven-county metropolitan area that lack housing authorities of their own, and request that the Council undertake housing and urban development activities for them.

It is my understanding that the Metropolitan Council would be eligible to receive discretionary funding under section 107, as well as the housing assistance funds authorized under title II.

Would the gentleman from Ohio tell me if that is correct?

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield, I would say yes, that we are, of course, familiar with the Metropolitan Council type situation, and the answer to the first question posed by the gentleman from Minnesota is in the affirmative, providing that the Metropolitan Council acts on behalf of the community in which the activity should be carried on.

Mr. FRASER. Mr. Chairman, I would like to ask the gentleman another question, if I may. The Metropolitan Council has pioneered in the development of an areawide housing plan which allocates subsidized housing units throughout the metropolitan region, in accord with the Council's comprehensive development guide.

In developing and implementing its housing plan, the Council has made effective use of the A–95 review process.

Could the gentleman tell me if the community development and housing assistance plans authorized in this bill will be subject to A–95 review? Will this review also continue to be required for newly constructed and substantially rehabilitated housing where Federal assistance is involved?

Mr. ASHLEY. Let me say to the gentleman that the A–95 review processes are specifically provided for and required in title I with respect to community development activities.

With regard to title II, assisted housing, there is no specific provision made. Under the A–95 circular the review and comment process review is necessary if the number of units to be constructed is 25 or over, so that would continue to apply with regard to title II.

Mr. FRASER. I thank the gentleman very much.

I thank the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman from Minnesota and the gentleman from Ohio for their contribution.

I will say that it was my understanding in our hearings that under section 107 the Metropolitan Council would definitely be allowed to apply. If it is the designated agency of a local community applying for housing funds, it may apply for units under section 202 as well. We wanted the Council to be able to exercise the powers it is granted under Minnesota law, but we did not want to grant it new powers.

Would the gentleman from Ohio confirm that?

Mr. ASHLEY. Yes, indeed. There should not be any problem with semantics. What we are saying is that the community involved and the Metropolitan Council designate in reasonable form that this is their choice, that they want the application to be submitted by the Metropolitan Council. That would certainly be sufficient, as far as the Secretary is concerned.

Mr. FRENZEL I thank the gentleman for his help.

Mr. Chairman, I yield back the balance of my time.

Mr. PATMAN. Mr. Chairman, I yield 12 minutes to the gentleman from Louisiana (Mr. LONG).

Mr. LONG of Louisiana. Mr. Chairman, I rise in support of the Housing and Urban Development Act of 1974. I believe it will literally and figuratively open new doors for rural America. I believe it will open doors that can lead us to decent and adequate housing for all in a land of plenty.

The legislation reported today by the Committee on Banking and Currency is a landmark in the effort to foster community development and to provide low- and moderate-income housing. I commend the chairman and the members of the committee for their untiring work over the past several months, particularly Mr. PATMAN, Mr. BARRETT, Mr. ASHLEY, Mr. HANLEY, and Mr. STEPHENS and members of the minority. The bill they have produced is a vastly improved urban and rural development program for the Nation, and I intend to support it fully.

Mr. Chairman, I have been disturbed over the impact of the administration's suspension of housing and community development programs during this past year. Undoubtedly, this callous and insensitive attitude has greatly exacerbated deteriorating conditions in our cities, our towns, and our countrysides.

The problems have not subsided.

In the sixties, our cities exploded with the problems that only poverty can bring, and they still smolder with the explosiveness of uncured ills.

Meanwhile, our countryside withers in quiet despair. Our rural citizens often cannot find a decent place to live. They too must find a way to raise a family amidst rats and roaches and disease. They too must cram half a dozen people into a single one or two room shack that only barely wards off the heat and cold and rain. And what is more, I submit that the problems of our urban poor and of our rural poor may be different in their causes, but the effects of that poverty are no different in the countryside than they are in the city.

Now, more than ever, we need new directions in providing for the orderly development of communities and to meet the Nation's housing needs. The legislation the committee brings to the floor makes it possible for us to consider the necessary initiatives for a rational and responsive approach to structuring Federal housing and community development programs.

Title I of the bill would authorize over $8 billion for community development. For the first time, a specific portion of HUD program funds are being allocated to rural areas. Eighty percent of this $8 billion would go to metropolitan areas and 20 percent would go to rural areas. After that division, the moneys would be allocated according to a formula that considers overcrowding, population, and poverty counted twice. I am somewhat concerned over the amounts of money to be allocated between the urban metropolitan areas and the rural areas. I believe that a strong case can be made that rural areas have a disproportionately high incidence of poverty and inadequate housing and a disproportionately low allocation of Federal funds to meet these needs.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield?

Mr. LONG of Louisiana. I yield to the gentleman from Minnesota.

Mr. BERGLAND. Mr. Chairman, I could not agree more with the comments of the gentleman from Louisiana. The fact is the nonmetro areas contain 31 percent of the population, 48 percent of all persons with incomes below the poverty level, 35 percent of overcrowded housing and 60 percent of the physically inadequate housing.

Everybody knows that no small part of the plight of the central cities results from the forced outmigration of rural people, and that much of that outmigration was a result of Federal neglect. It is generally argued that our Nation is going to have to accommodate an additional 50 million people by the year 2000 and our rural communities will be able to provide some relief for the central cities if Federal legislation does not discriminate against the people in small towns and rural areas.

With this in mind, that guarantee of 20 percent is a good start in giving our rural communities a better chance to remedy these problems and plan for the future. Is it correct that title II, authorizing a new housing assistance program for lower income families has a similar provision?

Mr. LONG of Louisiana. The gentleman from Minnesota as I understand it is absolutely correct. The bill does take a substantial step forward, but much more can and should be done in this regard, in my opinion.

Title II deals with assisted housing. The bill would allocate HUD housing assistance funds in much the same way as community development funds would be allocated—with one exception. That is, while community development funds are to be allocated on an 80–20 basis, the specific language of section 202(D)(1) of the bill states that:

> The amount of assistance allocated to nonmetropolitan areas pursuant to this section in any fiscal year shall not be less than 20 per centum of the total amount of such assistance.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield again?

Mr. LONG of Louisiana. I yield to the gentleman from Minnesota.

Mr. BERGLAND. Mr. Chairman, I notice that this language is different than

title I. In title II the language "shall not be less than 20 percent" gives us greater flexibility than the language used in title I. You and I are fully aware that the need is greater than 20 percent. The flexibility of the language should enable the rural areas to obtain more than 20 percent if need be.

Mr. LONG of Louisiana. Mr. Chairman, once again, I agree with the gentleman from Minnesota. I might also add that the incidence of inadequate housing in rural areas is 3.5 times higher than the incidence of inadequate housing in metropolitan areas. And while this title takes an important step forward to remedy this problem, much more remains to be done.

I am particularly pleased that the bill includes title IV—a substantive program of rural housing assistance which would extend Farmers Home Administration programs to all cities under 15,000 in population; increase the maximum amount available for people rehabilitating their homes, and establish a rent supplement program in rural areas which would be particularly helpful to lower income residents and the elderly.

I might point out at this time that one important feature of this rural program is that by solving the plight of our rural poor we also may ease the plight of our urban poor. Part of urban America's problem, I believe, is that those who found little hope in the countrysides moved to the cities to improve their lot. In so doing, they simply transferred their problems from the countryside to our major cities. We cannot begin to put that urban chaos in order until we begin to meet the needs of the small towns and communities that dot rural America.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield further?

Mr. LONG of Louisiana. I yield to the gentleman from Minnesota.

Mr. BERGLAND. Mr. Chairman, let me comment a little more on the provisions of title IV. Title IV authorizes important improvements over policies of the past. Some of its provisions are long overdue.

Several provisions contain measures to give FmHA the same or similar authority that has existed in HUD previously. Title IV makes the opportunities previously available through HUD to our urban areas available through the Farmers Home Administration to our rural areas.

First. It permits the FmHA to offer the same escrow services which are required in connection with loans insured by the Federal Housing Administration.

Second. Section 415 would authorize a rent supplement program for FmHA comparable to HUD's rent supplement program making rental housing available to low-income families at a rate not to exceed 25 percent of income. Supplemental assistance payments may be made up to 100 percent of the units in housing for the elderly and farm labor housing. The committee in its report concurs that enactment of this important authority is long overdue.

Third. The committee felt it essential that nonprofit sponsors operating in rural areas under FmHA programs be given the same consideration—once again—as HUD nonprofit sponsors. In many cases, nonprofits are the only available sponsors of low-income housing in rural areas. Section 406 should provide substantial assistance to nonprofit sponsors in rural areas by providing for financing of initial operating expenses of up to 2 percent of development costs on rental projects.

Fourth. In addition, under title IV technical assistance will now be available to nonprofit sponsors with respect to the construction, rehabilitation, and operation of low- and moderate-income rural housing.

With broader authority given to FmHA through title IV and with the added incentive given to nonprofit organizations to participate in housing for the rural poor, I would hope that the FmHA would take a fresh look at and a more realistic approach to its programs. The President and Budget Director must reconsider their priorities as reflected in their fiscal 1975 housing budget request and assign the highest priority to low income rural families. H.R. 15361—together with existing FmHA programs—provides valuable tools. But the cooperation of the administration is imperative.

In addition Farmers Home Administration must be assured adequate personnel. Title IV calls for more personnel and additional talents—particularly the provisions calling for technical assistance. The Farmers Home Administration's duties have expanded with the added responsibility of major provisions of the Rural Development Act. I am committed to seeing that FmHA does not fail in either implementation of title IV or the rural development provisions, because of a limited staff.

Mr. LONG of Louisiana. Mr. Chairman, I certainly agree with the remarks of the gentleman from Minnesota.

Inadequate housing really is a fundamental problem of rural America. One-third of our Nation's population—not 20 percent—lives in rural areas. Yet, half of the Nation's poverty, 35 percent of our Nation's overcrowding, and 60 percent of our Nation's substandard housing exists in rural areas. Per capita income is consistently lower, Federal resources are fewer, and there is less professional guidance to lead rural America to the few resources that are available. Hopefully, this legislation will begin to alleviate these problems. I think that there can be little doubt that Mr. BERGLAND and I are of the same accord. This legislation takes a great step forward for rural America, but many more steps remain to be taken, whether it be Louisiana or Minnesota.

In closing, Mr. Chairman, I believe that the committee has realized the value of putting solutions where the problems are rather than simply where the people are. Again, I would like to commend the committee on its fine work, and I heartily urge my colleagues to support this badly needed legislation.

Mr. BERGLAND. Mr. Chairman, I thank the gentleman from Louisiana for yielding to me.

Mr. WIDNALL. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Chairman, many of us in this body have viewed with suspicion the growth of those programs that would be consolidated under aegis of the community development block grant program. Title I, of the Housing and Urban Development Act of 1974. In particular the model cities and urban renewal programs have seemed to accomplish little more than "to throw Federal dollars" wastefully at tough domestic problems.

You may recall in fact that in 1971 the Banking and Currency Committee commissioned an evaluation of the model cities program which concluded the following:

> Too little Federal money was spread among too many cities and funds in almost every city were spread sparingly among too many programs. The effect has been a failure to reach massive impact in any functional program area.

By 1971, however, to finance what the commission saw fit to term a "failure" the Federal treasury had expended a total of $434 million in outlays, a total which at this date has reached more than $1.5 billion.

Despite widespread evidence that model cities and its other programs that would be consolidated by this bill have failed to live up to our expectations, there are those in Congress who wonder if the alternative approach advocated today would represent little more than wastefully "throwing Federal dollars" at local governments with the same likelihood of success. To the contrary it is my belief that on the basis of past performance of the consolidated programs, of the incentives established by the community development block grants and on the basis of our experience thus far with general revenue sharing there is solid ground on which to look forward optimistically.

We need not linger over the fact that the Department of Housing and Urban Development in January, 1973, stopped funding all Federal community development programs—model cities, urban renewal, sewer and water facility construction, open space and public facility construction. But it is significant that the administration took this highly controversial action in the belief that the categorical aid programs had failed to improve urban conditions, and did so armed with a wealth of supportive independent analysis.

Writing in the public interest this past winter, the chairman of the board of the Real Estate Research Corp., Anthony Downs, concluded that collectively the community development programs had been "moderately ineffective" in improving inner-city conditions or encouraging homeownership and had been "highly ineffective" in providing housing assistance to low and moderate income households.

These general conclusions merely summarized the body of specific evidence that had been accumulating for years that the categorical programs created their own inadequacies. In 1968 the National Commission on Urban Problems concluded that,

> The first great weakness in carrying out urban renewal has been the unconscionably amount of time consumed in the process.

Specifically, survey and planning took an average of 544 days, loan and grant approval took an average of 706 days and

final loan and grant approval took an average of 377 days. The Commission found that the average time required to plan and approve projects, an astounding 4½ years, was then followed by a project execution period that often stretched for 10 years.

Further, the Commission scored Federal administration of urban renewal for failing to live up to the goal set by Congress in the 1949 Housing Act of providing "a decent home and a suitable living environment for every American family." The Commission reported,

> We must conclude that the principal reason for the failure of this program over its first 18 years to fulfill the clear intentions of the Housing Act of 1949 is that too many local and Federal officials in it and too many of their allies and supporters either did not understand its major purposes or did not take them seriously.

The Commission concluded that if blame were to be assessed it would fall closer to Washington than to localities, in part, for the Federal failure to have ever conducted a comprehensive evaluation of the program.

Had such an evaluation been undertaken a major conclusion would have been that the program was undermined by the fact that local chief executives had been by-passed and their authority weakened by the creation of special purpose, semiautonomous units charged with implementing the program. By funneling funds directly from the Federal Government to local, special purpose administrative units—instead of elected city officials—the process worked to exclude local elected government from decisionmaking.

It must be in the light of the generally disappointing performance of these programs to implement the laudable purposes set forth by Congress, that the likelihood of success or failure of the proposed consolidated block grant program must be assessed. Unless any of us attributes to himself the powers of a seer, conclusions in this regard must be stated tentatively. One major touchstone, however, may serve the purpose of guiding our deliberations—the success of general revenue sharing for the States.

I recall many Members of this body expressing the misgiving during debate of that program that to provide the States with funds for which they assumed no responsibility in raising would prove an irresistible temptation for the most profligate spending schemes. In fact for the most part the opposite has occurred. With the help of revenue sharing all but two States were able to close their 1973 fiscal years with a balanced budget or a surplus. Despite the Federal windfall the number of States which have taken the politically difficult step of broadening their revenue systems to include State income taxes continues to grow. Moreover, the percentage of State budgets allocated for health, education, and welfare services, now well over 60 percent of State budgets, continues to grow faster than any other category.

Far from justifying the fears of those who foresaw the likelihood of major abuses in the administration and allocation of general revenue sharing funds, the record has been overwhelmingly the opposite with the States performing far more admirably than most of us expected. I know of no reason to assume in advance that the performance of the localities will be any less praiseworthy than that of the States. It may be, in fact, that the approach of the consolidated grant program—an integral part of what has become known as the new federalism—may provide the vehicle for providing what we all desire: "a decent home and a suitable living environment for every American family."

Mr. Chairman, I wish to raise but one point of concern expressed to me by the officials of Rockford, Ill., the largest municipality in my district. It regards the "hold harmless" provision which is intended to phase in the community development program in a smooth transition period allowing localities a 6-year planning horizon without precipitous fall off in Federal support. The concern I express today is that the formula, as now written, may indeed result in such a drastic drop in Federal support as to disrupt the goals of the program.

In the case of Rockford, for example, the present bill would provide funding for fiscal 1975, 1976, and 1977 at the past average level of $2.6 million annually. Following that 3-year period and assuming renewal of appropriations at the same levels as the present bill, funding would taper off at levels of $2.4 million in 1978, $2.2 million in 1979, and $2 million in 1980. That is a drop of nearly 8 percent in 6 years which at first glance may not seem significant. But making the highly charitable assumption that inflation in those 6 years continues at the rate of the past 6 years the inflationary bite would be more than 23 percent. In other words, the city of Rockford and many more like it face the possibility of a 30-percent funding reduction—not the simple 8-percent absolute reduction—in the coming 6 years. I am aware, of course, that the tendency will be to provide for higher appropriations in the future. But I would urge the conferees on this legislation to take a hard look at ways to amend the present formula to give the cities a more certain planning horizan without the threat of such precipitous cuts in funding.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Chairman, members of the committee, I want to take this opportunity to commend the chairman, the gentleman from Pennsylvania (Mr. BARRETT) and the ranking minority member, the gentleman from New Jersey (Mr. WIDNALL) for their work on this bill. I also wish to commend two other members of the subcommittee who worked diligently on this legislation, the gentleman from Ohio (Mr. ASHLEY) and the gentleman from Michigan (Mr. BROWN).

Mr. Chairman, I rise in support of title VI of H.R. 15361. The purpose of title VI is to provide legislative authority to increase significantly urgently needed mortgage credit by the removal of artificial constraints on the lending authority of financial institutions permitting private enterprise the maximum opportunity to deal with the realities of today's home mortgage finance and rehabilitation market. In addition, title VI will permit greater economy and efficiency in credit union operations, benefiting credit union members directly. The credit union recommendations, while having no appreciable effect on the operations of other financial institutions, will equip credit union managers with the flexibility required to minimize the effect of disintermediation.

The Congress last enacted legislation dealing with the real estate lending authorities of mortgage lending institutions in 1970. Since that time, as we are all too painfully aware, interest rates have soared to all-time highs as a result of skyrocketing inflation. The disintermediation crisis which began last July, critically affecting mortgage lending institutions, must be addressed immediately. On January 30, I introduced H.R. 12421, the Consumer Home Mortgage Assistance Act of 1974, stating on that occasion the following:

> It is time we thought of the young couple just entering the housing market unable to afford a new starter home and unable to face soaring rental charges for either apartments or homes as demand continues to exceed supply at an alarming rate. Or how about the elderly couple retiring who, having looked forward to being relieved of the responsibility of maintaining a home, are unable to move to apartments with special health conveniences due to a lack of qualified purchasers?

The Subcommittee on Bank Supervision and Insurance, which I have the honor of serving as chairman, held hearings on H.R. 12421 on February 28 and March 5.

Witnesses appeared on behalf of the Federal Home Loan Bank Board, the Comptroller of the Currency, the National Credit Union Administration, and each of the trade associations affected by the provisions of H.R. 12421. A statement reiterating support for title II of the bill, real estate loans by national banks, was received from Dr. Arthur F. Burns, Chairman of the Board of Governors of the Federal Reserve System. The record of hearings was held open for almost a 3-month period enabling those desiring to submit statements to do so and enabling witnesses appearing before the subcommittee to respond to questions and supply information requested by the members during the course of such hearings. A number of constructive suggestions were made and accepted by the subcommittee, particularly relating to title III of the bill, improving the operations of Federal credit unions. As a consequence a clean bill, H.R. 14903, was introduced on May 20 and reported out by the subcommittee on May 22 by voice vote. H.R. 14903, as amended, was reported by the full committee both as a separate bill—House Report 93–1113—and was adopted upon my motion as title VI to the Housing bill, H.R. 15361. My interest throughout has been to insure the earliest possible action on what can truly be described as an emergency situation affecting the home mortgage finance and rehabilitation market. The

adoption of title VI will accomplish that goal.

Due to the relatively noncontroversial nature of title VI, Mr. Chairman, I will summarize the principal provisions of the title and then respond to such questions as my colleagues may have.

Title VI is a three part title captioned as follows:

Part A—Lending and Investment Powers, Federal Savings and Loan Associations.

Part B—Real Estate Loans by National Banks.

Part C—Federal Credit Unions.

Part A—Savings and loan lending and investment powers are further summarized as follows:

Section 601 will authorize line of credit financing up to 5 percent of the lender's assets or up to an amount equal to its surplus, undivided profits and reserves, whichever is larger. This new authority will provide the flexibility needed to create a more competitive construction loan market and will assist in reducing costs.

Section 602 will increase the present $45,000 limitation on amount of a loan a Federal institution may make on a single family dwelling to $55,000. In 1933, the average cost of a new home was $5,000 with a limitation of $20,000. In 1974, the average cost of a new home is $35,000, approaching $50,000 to $60,000 in high cost areas, with a limitation of $45,000. The Housing Act of 1964 increased section 5(c), 20 percent, for single family homes from $35,000 to $40,000. The Emergency Home Finance Act of 1970 increases that same category from $40,000 to $45,000. Section 602 will also permit Federal savings and loan associations to allocate only the excess over the limit to be counted against the 20 percent of assets requirements. The 20 percent of assets category—which contains loans on certain apartment buildings, college dormitories, hospital loans, and other investments—fills up quickly inasmuch as these loans do not conform with the specific criteria of section 5(c) of the Home Owners Loan Act loan provisions. This portion of the amendment would operate only with respect to loans on single family dwellings. In areas of high-cost homes, the 20 percent is filled quickly with home loans exceeding $45,000, whereas an area of low-cost homes of $30,000 or less may never exceed the 20 percent. The only choice for the lender in order to lend on homes in his high cost area is to increase the downpayment to bring the amount under the $45,000 and out of the 20-percent category. This in itself disqualifies many borrowers, especially moderate income borrowers. If the Federal savings and loan association goes outside its area to lend on $30,000 homes, it is again penalized, for all such loans go into its 20-percent allowance. Of equal significance is the fact that the 20 percent of assets limitation does not apply to State chartered associations, unless otherwise prescribed by State law, placing Federal associations at a distinct competitive disadvantage in today's market.

As a consequence, the ability of the Federal association to attract savings is impaired by the association's inability to assist the savings customer in the purchase of a new home due to the 20 percent of assets limitation. The provision would also authorize the Federal Home Loan Bank Board to increase the maximum mortgage amount with respect to dwellings in Alaska, Guam, and Hawaii.

Section 603 will permit savings and loan associations to make nonconforming loans otherwise restricted by section 5(c) of the Home Owners Loan Act requirements under conditions prescribed by the Federal Home Loan Bank Board. Loans made under this provision would be limited to a maximum amount equal to 10 percent of the association's assets. Examples of this increased flexibility, closely regulated by the Board, presently governed by the multiple restrictions presently found in section 5(c) of the Home Owners Loan Act are:

First, FHA loans originated out-of-State;

Second, conventional out-of-State home loans;

Third, loans on combinations of residential and business properties;

Fourth, multifamily projects that do not specifically meet the dollar per room limits of section 207(c)(3) of the National Housing Act;

Fifth, nonconforming real estate tradein loans where the loan-to-value ratio is above 80 percent, or where repayment would be in more than 18 months; and

Sixth, loans on housing for the aging.

Section 604 would increase statutory limits on property improvement loans from $5,000 to $10,000 for the repair, equipping, alteration, or improvement of real property. The existing $5,000 limitation has been in effect since 1964. The recommended increase is consistent with section 308 of the bill which provides for an increase from $5,000 to $10,000 for title I FHA home improvement loans.

Section 605 would increase from 20 to 30 years the time allotted savings and loan associations to build up their reserves to 5 percent of their savings deposits as required by the Federal Savings and Loan Insurance Corporation.

The present 20-year limitation written into the law more than 35 years ago, presents a special problem to younger savings and loan associations which during the past several years have faced unprecedented inflows of savings and now an unprecedented demand for housing funds. The greater the savings inflows the greater these younger associations must contribute to the FSLIC-insurance reserve, which means a slow down in the availability of funds needed for the housing market. This amendment will not sacrifice the safety of the insurance reserve in any way, but rather it will mandate 10 additional years for each association, if necessary, to meet the required ratio.

PART B—REAL ESTATE LOAN BY NATIONAL BANKS

This part would amend section 24 of the Federal Reserve Act to authorize wider real estate lending and investment powers for national banks. The primary purpose of this provision is to improve and update the mortgage investment tools of national banks to assist them in their efforts to respond to the demands of the real estate industry. The addition of these provisions would place national banks on a par with State chartered commercial banks and other financial institutions.

All witnesses before the subcommittee supported provisions of part B. It should be noted that the language of this national bank section is identical to title I of the Housing Act of 1972, which failed to receive a rule, with one exception. The full committee, by accepting the amendment offered by the distinguished gentleman from Georgia (Mr. STEPHENS) strengthened the bill by removing the restriction that such real estate loans shall not be in excess of 70 percent of the time and savings deposits of national banks. This amendment will foster increased housing loans on the part of small banks located out of the major money centers, particularly where there are no thrift institution competitors. The Federal Reserve Board in its letter of support stated:

> It is desirable to provide national banks with sufficient flexibility in making real estate loans to meet the changing needs of consumers for both residential and nonresidential mortgage credit. . .

The Comptroller of the Currency, through its Chief Counsel, stated:

> I would like to remind the members of the subcommittee that, since its enactment, in 1913, section 24 has been frequently amended in the spirit of permitting greater reliance on the business judgment of bankers and less on governmental fiat. We agree wholeheartedly with . . . the sponsors of this legislation that the time has now come to get rid of the anachronistic limitation on mortgage lending contained in section 24.

SECTION 611—REAL ESTATE LOANS BY NATIONAL BANKS

This section would extensively review section 24 of the Federal Reserve Act to authorize broader lending and investment powers for national banks relative to real estate. Under this revision banks would be authorized to make real estate related loans as follows:

First, make real estate loans secured by other than first liens provided said lien when added to prior liens does not exceed the applicable ratio of loan to value. Loans of this type would be limited to 20 percent of unimpaired capital and surplus.

Second, make loans against unimproved real estate up to 66⅔ percent of appraised value and if improved with off-site improvements up to 75 percent of appraised value.

Third, continue to make loans against improved real estate up to 90 percent of appraised value for a maximum term of 30 years, but with no required amortization on any type of real estate loan except when it exceeds 75 percent of appraised value or is improved with a dwelling for one to four families. Amortization, where required, would be based on a maximum of a 30-year payout, with no requirement that the loan be fully amortized by maturity if the term is less than 30 years.

Fourth, classify all loans, insured under the National Housing Act or by the Secretary of Agriculture, or where guaranteed by HUD when the guarantee

is backed by the full faith and credit of the United States, or fully guaranteed by a State agency or instrumentality thereof or by a State authority for the payment of which the faith and credit of the State is pledged, or at least 20 percent of which is guaranteed by the Veterans' Administration as non-real estate loans and not subject to any of the limitations of conventional loans or included in the aggregate amount of real estate loans that may be made or in the aggregate of subordinate liens that may be made.

Fifth, continue the practice, where loans are secured by real estate and other collateral, to subtract the value of the non-real estate collateral from the loan and consider the balance only as a loan against real estate.

Sixth, consider a loan secured by a lien on real property, where there is a firm take-out from a financially responsible party to advance the full amount of the loan within 60 months, as a non-real-estate loan.

Seventh, continue to consider loans, with a maturity of not more than 60 months made against a building under construction secured by a firm takeout to advance the full amount of the loan and loans to finance the construction of residential and farm buildings for a term not in excess of 60 months, as commercial loans and limit such loans to 100 percent of unimpaired capital and surplus.

Eighth, make construction loans up to 75 percent of appraised value without the necessity of a firm takeout.

Ninth, continue to classify loans, where the lender looks to the borrower's general credit standing, or an assignment of rent where a mortgage is taken as a precaution against contingency or where the bank agrees to participate with the Small Business Administration, as commercial loans.

Tenth, permit up to 10 percent of the maximum amount that may be invested in real estate loans to be placed in loans secured by real estate without the necessity that said loans conform to any of the individual loan limitations of the revised section.

The Comptroller of the Currency would be authorized to prescribe by rule or regulation such additional conditions and limitations on real estate loans as he deems necessary.

PART C—FEDERAL CREDIT UNIONS

Part C of title VI pertains to the operations of credit unions. Their principal purpose is to increase the operating efficiency of credit unions and to equip credit union managers with the flexibility required to minimize the effect of disintermediation. These amendments generally reflect agreement of the two principal credit union trade associations and the National Credit Union Administration.

A brief summary of part C—credit union amendments—follows:

PART C—FEDERAL CREDIT UNION

SECTION 621. LENDING AUTHORITY AND DEPOSITORY AUTHORITY

Subsection (a) of this section would amend paragraph 107(6) of the Federal Credit Union Act to permit a Federal credit union to make loans to its own directors and members of its supervisory credit committee, subject only to approval of its board of directors where the loan or aggregate of loans to the director or member exceeds $2,500 plus pledged shares. Directors or committee members would also be permitted to act as guarantors or endorsors of loans to other members, except that approval of the board would be required where the loan in itself or when added to the outstanding loans of the guarantor exceeds $2,500.

Subsection (b) of this section would amend paragraph 107(9) of that Act to permit Federal credit unions operating suboffices in foreign or trust territories to maintain demand deposit accounts in foreign banks which are correspondents of U.S. mutual savings banks, subject to regulations issued by the Administrator of the National Credit Union Administration.

SECTION 622. FEES

This section would amend section 109 of that Act to remove the mandatory entrance free requirement and provide for a uniform entrance fee at the discretion of the board of directors.

SECTION 623. DIRECTORS

Subsection (a) of this section would amend section 113 of that Act to permit a board of directors to appoint an investment committee of not less than two to have charge of investments under rules and procedures established by the board.

Subsection (b) of this section would amend section 113 to permit an executive committee to exercise any authority delegated to it by the board.

Subsection (c) of this section would amend section 113 to authorize appointment of more than one membership officer to approve applications for membership.

Subsection (d) of this section would amend section 113 to require that a person whose application for membership is denied be furnished, upon written request, with reasons for the denial.

SECTION 624. CREDIT COMMITTEE

This section would amend section 114 of the Act to permit a Federal credit union to offer loan plans which would be replenished as the loan is repaid, subject to the same limitations and requirements of section 114 now applicable to the making of loans. It would also remove the $2,500 maximum limitation on the aggregate mount of unsecured loans which may be made to any member.

SECTION 625. SUPERVISORY COMMITTEES

This section would amend section 15 of the Act to change the semiannual audit requirement to an annual audit requirement.

SECTION 626. DIVIDENDS

Subsection (a) of this section would amend section 117 of the Act to permit a board of directors to declare dividends intervals authorized by the board rather than on an annual semiannual or quarterly basis.

Subsection (b) of this section would amend section 17 to permit dividend credit to be accrued on shares as authorized by a board of directors.

SECTION 627. APPLICABILITY

This section would amend section 26 of the Act to make the Act applicable to trust territories.

SECTION 628. DEFINITION OF MEMBERS ACCOUNTS

This section would amend section 202(h) of the Act to exempt Federally insured credit union funds invested in a Federally insured credit union from a premium charge for Federal share insurance.

SECTION 629. TERMINATION

Subsection (a) of this section would amend section 206(a) of the Act to provide an alternative method for an insured credit union other than a Federal credit union to terminate Federal insurance coverage. It would permit termination after 90 days written notice to the Administrator if the credit union has obtained a certificate of insurance from a corporation authorized and licensed to insure its accounts.

Subsection (b) of this section would amend section 206(c) of the Act to reflect the inclusion of the new paragraph (2) under section 206(a).

Subsection (c) of this section would amend section 206(d) to add two new paragraphs (1) requiring a credit union utilizing the new termination procedure provided under section 206(a)(2) to obtain the approval of a majority of all directors and of a majority of its members voting on the proposition for conversion, and (2) providing for a proportionate reduction of premium charges for the period for which a credit union will no longer be insured under the Act in the case of conversion under section 206(a)(2). It would further provide that a credit union so converting shall remain subject to the provisions of Chapter II (Share Insurance) of the Act as long as it remains insured under the Act.

SECTION 630. LIQUIDATION

This section would amend section 208(a)(1) of the Act to authorize the Administrator to assist in the voluntary liquidation of a solvent credit union by loans, purchase of assets or establishment of accounts in the credit union. It would also remove the existing provision that loans and accounts made or established under section 208(a) may be in subordination to the rights of members and creditors.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, I do not think I will need to speak for 5 minutes.

I think the only thing necessary is to point out that I have written my reasons for having voted "no" on the final passage at the committee level on this legislation. They are printed in the committee report as dissenting views.

Mr. Chairman, this bill that we are talking about this afternoon has been described almost uniformly by everybody who has spoken as a compromise. In my opinion, it is no such thing. It is a capitulation, it is a retreat, it is a surrender. It is a surrender of the commitment that America has made since 1948 to provide the opportunity to the average American family to obtain a safe, decent, and sanitary home.

This is a rather shameful capitulation at a time when not only the average American family, but even the affluent American family, cannot find it possible to purchase a home for his family. I feel that it is tragic that under these circumstances this is the best that the House can offer America at this time.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana (Mr. MADDEN).

Mr. MADDEN. Mr. Chairman, I commend Chairman PATMAN and the Banking and Currency Committee for their months of difficult hearings on this long delayed and highly necessary legislation for solving the Nation's housing problems.

The pending bill should be passed

without any major changes or amendments.

It has been separated into six titles with different phases of this complex problem of dealing with all segments of the homebuilding industry.

Title I authorizes a new program of community development block grants to replace seven HUD categorical grant programs. The new program will begin on January 1, 1975.

Title II authorizes a new housing assistance program for lower income families and makes various amendments to Federal housing assistance programs.

Title III extends various insuring authorities of the Federal Housing Administration, increases FHA loan and mortgage amounts, and makes various improvements in the programs administered by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

Title IV extends various program authorities of the Farmers Home Administration, and makes important changes to improve the operation of those programs.

Title V authorizes a new program to encourage the formation of State development corporations and makes various amendments to miscellaneous HUD programs.

Title VI amends various laws relating to the lending and investment powers of Federal savings and loan associations, national banks, and Federal credit unions.

Title I authorizes $8.05 billion in contract authority for the new bloc grant program over a 3-year period, with annual limitations of $2.45 billion in fiscal year 1975, $2.65 billion in fiscal year 1976, and $2.95 billion in fiscal year 1977. In addition, $100 million would be authorized to be appropriated annually for these fiscal years for assistance to communities with urgent development needs which cannot be met through these entitlements.

Title I provides that 80 percent of the funds available each year would be allocated for use in metropolitan areas and 20 percent for use in nonmetropolitan areas. In metropolitan areas, funds would be distributed first, to cities and urban counties pursuant to a 3-part formula—based on population, housing overcrowding, and poverty; and second, to meet the "hold harmless" needs of metropolitan cities and urban counties where those needs exceeded their formula entitlements.

The bill provides that 2 percent of the funds available each year would be reserved by HUD for certain special community development needs.

Bloc grant funds may be used to finance the full cost of carrying on all activities currently assisted by the following programs: the urban renewal program; the model cities program; the section 312 rehabilitation loan program; the open space urban beautification-historic preservation program; the neighborhood facilities program; the advance acquisition of land program; and the water and sewer program.

Applicants for bloc grants would be required to: First, identify community development and housing needs, including the submission of a housing assistance plan; second, describe planned activities to meet those needs; and third, provide assurances of compliance with civil rights and citizen participation requirements. Metropolitan cities and urban counties would also be required to submit 3-year programs designed to eliminate slum, blight, and deterioration where they exist and to provide improved community facilities and services where necessary.

Title II would authorize $1.225 billion in additional annual contribution authority for use under the existing public housing program as well as the new 23(h) program contained in section 201 of the bill.

The bill retains the existing housing assistance programs—the low-rent public housing program, including the section 23 leasing program, the sections 235 homeownership and 236 rental assistance programs and the rent supplement program. Title II also authorizes a new program of housing assistance for lower income persons through the construction or substantial rehabilitation of housing or the leasing of existing housing.

Title II provides that conventional or FHA-insured loans, loans from State housing finance agencies and bonds issued by State or local public housing agencies may be used to finance housing.

Title III contains provisions designed to increase the availability of and liberalize mortgage credit for housing and to abolish discrimination in mortgage lending on account of sex. FHA's authority to insure mortgages and loans would be extended from October 1, 1974 to June 30, 1977. Maximum mortgage and loan amounts would be increased with single-family home mortgage limits increased from $33,000 to $45,000 and home-improvement loan limits increased from $5,000 to $10,000.

Title IV extends from October 1, 1974, to June 30, 1977, the authority of the Secretary of Agriculture to administer various rural housing programs and increases the maximum amount of repair loans and grants from $3,500 to $5,000. The FmHA would be authorized to make advances to nonprofit organizations carrying out self-help housing programs to enable them to establish revolving accounts for the purchase of land options.

Title VI liberalizes the real estate lending authority of savings and loan associations and national banks. It increases the present $45,000 limitation on the amount of loan a Federal savings and loan association may make on a single family dwelling to $55,000 and allows for only the excess over $55,000 to be counted against the 20 percent of asset requirements.

Mr. Chairman, I hope that the Congress can enact this legislation and the President signs the same so millions of our needy families enjoy proper housing.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. BADILLO).

Mr. BADILLO. Mr. Chairman, in view of the fact that this bill became available only this week and the conference report was only published yesterday, I would like to ask one of the members of the committee, the gentleman from Pennsylvania (Mr. MOORHEAD) a few questions about the intent of the bill as expressed in the committee report.

First of all, in my district, Mr. Chairman, we have a very large area which was declared a model cities area in 1967, and the area has now been totally cleared. In 1967, 1968, and 1969 the tenants were relocated. In 1970, 1971, and 1972 the buildings were demolished and new redevelopment plans proposed. In 1973 the President declared a moratorium on all housing construction.

Under title I, is it true that there is no provision to build any new housing in that model cities area?

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, if the gentleman will yield, does the gentleman mean starting from the ground up?

Mr. BADILLO. Starting from the ground up.

Mr. MOORHEAD of Pennsylvania. Not for rehabilitation?

Mr. BADILLO. No, for new housing.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, if the gentleman will yield further, I will say to the gentleman that there is money in title I to prepare sites for new housing, to get the sites ready to put the bricks and mortar up.

For new housing, we have to turn to title II which is the section 23(h) housing program, where a Public Housing Authority or a private sponsor can construct new buildings for the people in the gentleman's area.

Mr. BADILLO. Mr. Chairman, let us then turn to title II. Under title II, is it true that the New York City Housing Authority would be able to build a low-rent housing project by taking advantage of the provisions of the new section 23(h) that permit a housing project to be owned and financed by the New York City Housing Authority?

Mr. MOORHEAD of Pennsylvania. The gentleman is entirely correct.

Mr. BADILLO. In other words, under the bill as it stands now, it would be possible to continue building low-rent housing 100 percent for poor people?

Mr. MOORHEAD of Pennsylvania. Yes. As the gentleman and I discussed, the new section 23 housing may look different from conventional public housing to a banker, but as far as the tenant is concerned, it ends up as just about the same thing.

Mr. BADILLO. That is right. From the point of view of the tenant, the housing would be owned by the New York City Housing Authority, it would be operated by the New York City Housing Authority, and it would be rented by the New York City Housing Authority to the tenants at the same low-income rental that is being charged now

Mr. MOORHEAD of Pennsylvania. The gentleman is correct, with the Federal Government subsidizing the rent so that it is financially feasible for the New York City Housing Authority.

Mr. BADILLO. Mr. Chairman, aside

from low-income housing owned, operated, and financed by the New York City Housing Authority, I am concerned about the statement on page 19 of the committee report, in which the committee says that the subsidy to private owners is only provided for a 20-year term, because the committee "considers a 20-year term for new units to be sufficiently long to enable the owner to obtain 30 to 40 year mortgage financing."

It happens in New York City that it will not be possible for a private owner to get 40-year mortgage financing. Therefore, that consideration of the committee does not help us.

How would a private owner be able to build in the model cities area which I have described in my district in New York City?

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, if the gentleman will yield further, the private owner would go to a lender and say that under title III of this bill the FHA authorizations is being extended. There we provide 100 percent FHA insurance for mortgages, and, for 40 years. Therefore, he should be able to get that financing because the lender has nothing to lose.

Mr. BADILLO. In other words, under title III of this bill there is a 40-year financing available to private builders?

Mr. MOORHEAD of Pennsylvania. That is correct.

I want to commend the gentleman for his zeal in trying to do the best he can for the people he represents.

Mr. BADILLO. I have to be very precise, because we have a lot of vacant land not only in New York City but in the urban areas. A great deal of this land is vacant for two reasons. One, it is being vacated because of the city's effort in the model cities area and, two, because of abandonment. Wherever we have vacant land available private funds are not available to be used. So, unless we can get some relief here, we are in a problem area. Unless this bill provides relief, the land will be vacant for a long time.

Let me ask a related question. On page 19 of the committee report it says where the project is owned or financed by a State or local agency it will be possible to get a 40-year subsidy. In New York State we have the Urban Development Corp., and in New York City we have a housing development corporation. Those are State and local agencies. Assuming that those agencies were to enter into an agreement with a private builder where he, the private builder, would build the housing project in the model cities area in my district but the project was financed by the State and local agencies, would the private builder then be able to get a 40-year subsidy?

Mr. MOORHEAD of Pennsylvania. The answer is yes. If the project is either owned or financed by a State or local agency, the 40-year term is applicable.

Mr. BADILLO. I thank the gentleman.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. KOCH).

Mr. KOCH. Mr. Chairman, I thank the distinguished chairman for yielding to me.

The first thing I would like to do is state that the housing committee—and I am not a member of that committee although I serve on the Banking and Currency Committee—has done a very distinguished job. I know how difficult it has been for them to sit on the hot seat and to have many of us proposing amendments which they had to resist, not because they opposed the substance of the amendments, but because they felt the bill had to be protected in order to make certain that that bill would finally be signed by the President.

Housing is the great need today. Notwithstanding the fact that I disagree with parts of the bill, I want to take this floor to commend each and every member of that committee. They have done a splendid job.

I will be offering what I consider to be a reasonable amendment. I will discuss the amendment at that time, but I believe it is based on legitimate need and therefore it will be one that should receive the support of the committee. I hope so.

Again I say housing is the No. 1 need for the poor people in this country. Obviously we need this bill and hopefully we will get it somewhat amended. But in any event we need housing legislation now.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from New York (Mr. ROSENTHAL).

Mr. ROSENTHAL. Mr. Chairman, at the appropriate time, Mrs. COLLINS, Mr. KOCH, Mr. BIAGGI, and I will offer an amendment to the Housing and Urban Development Act, which mandates a 1-year study by the Secretary of HUD into the phenomenon known as the condominium and cooperative boom. I want to make it clear that the amendment requires a study only—it does not add to or change in any way laws affecting landlord-tenant relations or condominium and cooperative construction, sales, or ownership.

Mr. Chairman, problems associated with condominium purchases and conversions are among the most pressing consumer problems in the Nation. It is almost impossible to pick up a daily newspaper without reading a dramatic account of how individuals have been misled or defrauded in their purchase of a condominium; or, in the case of a conversion from rental units to condominium ownership, of how persons—many of them elderly or poor—have been dispossessed and unable to find decent substitute housing.

It is also almost impossible, unfortunately, to get any reliable information about the condominium and cooperative situation from the Department of Housing and Urban Development—supposedly the Nation's leading authority on housing matters. HUD does predict that within the next 20 years, half the population may be living in condominiums. And yet fewer than 10 States have meaningful laws protecting condominium and cooperative purchasers and not more than 2 or 3 have laws protecting those who would be displaced by the conversion of rental units to condominiums.

The problem is particularly acute in New York City and other urban and suburban areas where new condominium building and conversions of rental units are rapidly displacing multifamily rental apartments. According to the National Association of Home Builders and the U.S. Census Bureau, more new condominium units will be built in 1973 and 1974—461,000—than were built in the 20-year period from 1950 to 1970—415,000. In the New York City area between 1950 and mid-1970, 116,000 new condominium units were constructed. The median family income of those owning condominiums and co-ops in New York in 1970 was $14,000—a figure that is much higher today due to the rapid increase in expensive luxury units.

In addition to new construction, there has been an enormous increase recently in the number of conversions of rental units to condominium use—unfortunately, there are no reliable statistics and hardly any reliable estimates on the number of condominium conversions taking place across the Nation.

Mr. Chairman, while there are endless reports of deceptive and fraudulent practices associated with condominium purchases, such as lack of disclosure, nonexistent engineering reports, understated upkeep fees, misleading advertising, lack of ownership of key recreational and maintenance facilities; it is in the area of condominium conversions and the dislocation of existing renters where the greatest and most personally tragic abuses take place. Although no statistical information exists concerning this new breed of "displaced persons," an excellent description of "What Happens to the Tenants" is contained in a study by the Washington Center for Metropolitan Studies, as follows:

> Perhaps the most unwieldy problem of condominium conversion is that of tenant relocation—a problem which, at this time, rests solely with the tenant himself. For the tenant who has been content in his apartment, thinking himself "protected" by his 1 to 2 year lease, the demand that he move is at best a shock and an inconvenience, and at worst a dislocation of his entire living pattern. This is especially difficult for elderly tenants who may have spent years in a single unit. Their problems are two-fold. Either they purchase a unit, (*if* they can obtain a loan) and thereby reduce their savings reserve for further contingencies, perhaps to nothing—or else they pack up and move. For those who cannot afford to buy, the problems of finding a new residence and the physical strain of moving are often overwhelming. While usually most traumatic for the elderly, the relocation problem affects anyone who needs to move—especially those of moderate income. Rehabilitation and conversion turn the moderate-priced unit into luxury housing. Up to 75 percent of the tenants, and sometimes even more, may be looking for another home.

Apart from the psychological stress caused by a forced move—often on 30 days notice—from an apartment home one may have rented and maintained for many years, the financial burden can be staggering even to middle-income families. According to the American Movers Conference a typical intracity

move in New York and Philadelphia is $240 and $300 in Chicago.

Most importantly, it is becoming increasingly clear that with each passing year decent rental housing is becoming less and less available. The continuing and accelerating trend toward condominium sales and conversions has enormous long-range implications for U.S. housing policy.

Notwithstanding all these factors, HUD has done virtually nothing to come to grips with the human and public-policy implications posed by the condominium boom. So far as I have been able to discover, those HUD "consumer" information publications that do deal with the subject, merely describe the nature of condominium ownership, or promote its alleged advantages. Nowhere are questions addressed relating to the shortcomings of such ownership or its negative impact on renters.

It is for these reasons that Mrs. COLLINS, Mr. KOCH, and I are offering the condominium and cooperative study amendment. We believe it will provide the Congress with important information necessary to deal with an issue of growing national concern.

The amendments calls for a 1-year study of the numbers and general locations of condominium and cooperative housing and rental housing and projections of the ratio of available condominium and cooperative units to rental units through 1980; of the legal and economic factors surrounding condominium and cooperative construction and conversion; of the effect on prices and availability of rental and single-family homes caused by the condominium and cooperative boom; of the social and housing-policy implications of condominiums and cooperatives; and of the alleged consumer problems associated with the construction and sale of new condominiums and cooperatives and conversions. The amendment also calls for recommendations to the Congress for assuring an adequate continuing supply of decent rental housing, protection of the legitimate interests of apartment dwellers and protection of consumers who purchase condominiums and cooperatives.

I am inserting at this point some statistical information and newspaper articles on condominiums:

PER HOUR COST OF LOCAL MOVES WITHIN METROPOLITAN AREA COMMERCIAL ZONES (AS OF JULY 1973) [1]

City	Cost per hour for van and 3 men	Cost for average move [2]
New York	$40.25	$241.50
Chicago	50.75	304.45
Cincinnati	42.00	252.00
Cleveland	40.75	244.50
Dallas	27.00	162.00
Des Moines	34.00	204.00
Washington, D.C.	38.00	228.00
Los Angeles	$40.00	$240.00
Boston	41.00	246.00
Philadelphia	40.10	240.60
Detroit	41.80	250.80

[1] Data supplied by the Household Goods Carrier Bureau, a private entity.
[2] Average number of hours for moves estimated to be 6 hours

Newly constructed condominium units in the United States:	
1974	[1] 243,200
1973	[1] 218,100
1972	[1] 190,300
1971	([3])
1969 to March 1970	[2] 37,810
1965 to 1968	[2] 111,167
1960 to 1964	[2] 92,481
1950 to 1959	[2] 67,883
Before 1949	[2] 106,753
Newly constructed condominium units in the New York metropolitan area:	
1969 to March 1970	[3] 3,912
1965 to 1968	19,133
1960 to 1964	[2] 35,829
1950 to 1959	33,852
Before 1949	[2] 23,841
Total number of condominium units in the United States in 1970	[2] 416,094
Total number of rental units in the United States in 1970	[2] 23,564,567

[1] National Association of Home Builders.
[2] United Statess Census, 1970.
[3] Not available.

TABLE A-2.—PERSONS IN OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970, UNITED STATES

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

	Total	1 person	2 persons	3 and 4 persons	5 persons	6 persons or more	Median
All occupied cooperative and condominium housing units	416,094	98,330	170,241	108,070	20,687	18,766	2.1
Rooms:							
1 and 2 rooms	20,514	13,840	5,373	904	145	252	1.2
3 rooms	83,203	35,313	41,480	5,264	562	584	1.7
4 rooms	140,919	30,207	67,356	37,910	3,538	1,908	2.1
5 rooms	94,063	12,299	35,829	33,367	7,093	5,475	2.5
6 rooms or more	77,395	6,671	20,203	30,625	9,349	10,547	3.3
Median	(4.2)	(3.5)	(4.1)	(4.8)	(5.4)	(5.5+)	
Bedrooms:							
None	8,091	6,224	1,509	152	99	107	1.1
1	102,936	45,653	50,784	5,255	658	586	1.6
2	198,848	38,553	95,404	56,314	5,699	2,878	2.1
3 or more	105,755	6,851	22,440	46,187	15,303	14,974	3.5
Year structure built:							
1969 to March 1970	37,810	7,214	19,547	9,001	1,279	769	2.1
1965 to 1968	111,167	25,485	54,290	25,288	3,907	2,197	2.1
1960 to 1964	92,481	25,611	38,627	21,599	3,859	2,785	2.0
1950 to 1959	67,883	14,290	24,310	21,934	4,095	3,254	2.3
1949 or earlier	106,753	25,730	33,467	30,248	7,547	9,761	2.3
Year head moved into unit:							
1969 to March 1970	87,858	18,526	39,257	23,039	3,695	3,341	2.1
1968	54,961	12,485	24,287	14,081	2,224	1,884	2.1
1967	41,778	9,358	17,480	11,289	2,159	1,492	2.2
1965 and 1966	66,812	16,611	27,879	15,761	3,521	3,040	2.1
1960 to 1964	81,891	21,722	30,947	20,218	4,712	4,292	2.1
1950 to 1959	56,029	12,087	20,172	17,074	3,330	3,366	2.3
1949 or earlier	26,765	7,541	10,219	6,608	1,046	1,351	2.1
Complete bathrooms:							
1 and 1½	310,663	79,527	117,599	83,958	15,742	13,837	2.1
2 and 2½	82,178	14,285	44,891	17,284	3,100	2,618	2.1
3 or more	13,260	1,706	4,857	4,626	1,211	860	2.5
None or also used by another household	9,993	2,812	2,894	2,202	634	1,451	2.3
Selected characteristics:							
Owned 2 home	32,432	5,108	17,671	7,090	1,596	967	3.1
With air conditioning	259,798	61,443	119,793	63,133	9,654	5,775	2.1
Room unit(s)	149,378	35,242	61,170	42,067	6,614	4,285	2.1
Central system	110,420	26,201	58,623	21,066	3,040	1,490	2.0
Automobiles available:							
1	228,962	50,903	101,797	56,636	10,670	8,956	2.1
2	81,959	2,123	35,912	31,889	6,413	5,622	2.7
3 or more	10,956	444	1,572	6,000	1,403	1,537	3.7
Residence of head in 1970:							
Inside SMSA's	381,759	90,889	156,455	100,151	18,688	15,596	2.1
In central cities	227,361	54,860	84,911	66,699	11,676	9,215	2.2
Not in central cities	154,398	36,029	71,544	33,452	6,992	6,381	2.1
Outside SMSA's	34,335	7,441	13,786	7,919	2,019	3,170	2.2
Race of head:							
White	372,800	90,742	158,931	93,561	16,771	12,795	2.1
Negro	38,549	6,703	9,816	12,979	3,589	5,462	2.9
Other races	4,745	885	1,494	1,530	327	509	2.5

TABLE A-3.—INCOME IN 1969 OF FAMILIES AND PRIMARY INDIVIDUALS IN OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970—UNITED STATES

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

	Total	Less than $2,000	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $6,999	$7,000 to $9,999	$10,000 to $14,999	$15,000 to $24,999	$25,000 or more	Median (dollars)
All occupied cooperative and condominium housing units	416,094	36,124	20,457	20,377	21,516	22,182	23,742	72,081	90,360	70,233	38,923	9,600
Rooms:												
1 and 2 rooms	20,514	4,251	2,566	1,979	1,646	1,366	1,325	3,040	2,365	1,436	540	4,900
3 rooms	83,203	11,862	7,352	6,840	6,674	6,318	5,866	14,366	13,127	7,696	3,102	6,400
4 rooms	140,919	10,006	5,895	6,486	7,373	7,968	8,652	27,065	33,303	24,365	9,806	9,700
5 rooms	94,063	5,573	3,007	3,068	3,563	4,138	4,668	16,133	23,874	19,749	10,290	11,400
6 rooms or more	77,395	4,432	1,637	2,004	2,260	2,491	3,231	11,477	17,691	16,967	15,185	13,200
Median	(4.2)	(3.7)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.2)	(4.4)	(4.6)	(5.1)	

TABLE A-3.—INCOME IN 1969 OF FAMILIES AND PRIMARY INDIVIDUALS IN OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970—UNITED STATES—Continued

	Total	Less than $2,000	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $6,999	$7,000 to $9,999	$10,000 to $14,999	$15,000 to $24,999	$25,000 or more	Median (dollars)
Bedrooms:												
None	8,091	1,829	1,141	864	518	641	584	1,217	813	332	152	4,400
1	102,936	14,505	9,075	8,517	8,273	6,763	7,110	17,688	15,461	10,188	5,356	6,600
2	198,848	12,856	7,049	8,946	9,074	10,726	12,118	36,658	46,785	35,718	18,918	10,200
3 or more	105,755	6,011	2,849	2,948	2,930	3,984	4,179	16,933	27,013	23,291	15,617	12,400
Persons:												
1 person	98,330	22,608	10,332	8,170	7,276	6,930	6,715	15,068	11,409	5,956	3,866	5,100
2 persons	170,241	8,503	7,788	8,856	9,985	10,096	10,113	28,393	36,418	30,354	19,735	10,200
3 and 4 persons	108,070	3,332	1,658	2,300	2,923	3,594	4,880	20,283	31,019	26,143	11,938	12,400
5 persons	20,687	818	256	340	502	765	855	4,255	6,175	4,573	2,148	12,100
6 persons or more	18,766	863	423	711	830	896	1,179	4,082	5,339	3,207	1,236	10,400
Median	(2.1)	(1.3)	(1.5)	1.7)	(1.8)	(.9)	(2.0)	(2.2)	(2.4)	(2.5)	(2.3)	
Persons per room:												
0.50 or less	235,955	27,609	14,287	13,228	13,489	13,434	13,879	36,956	42,662	34,458	25,953	8,800
0.51 to 1.00	161,335	7,208	5,635	6,253	7,019	7,808	8,738	30,913	42,436	32,897	12,428	10,800
1.01 to 1.50	13,993	798	263	552	544	695	772	3,348	4,256	2,337	428	10,000
1.51 or more	4,811	509	272	344	464	344	353	864	1,006	541	114	7,400
Own children under 18:												
None	302,061	31,695	18,515	17,438	18,080	17,671	17,607	46,969	56,714	47,573	29,799	8,900
1	46,969	1,569	839	1,093	1,384	1,902	2,567	9,617	13,396	10,443	4,159	11,700
2	38,269	1,282	510	841	929	1,307	1,785	8,496	11,776	8,106	3,237	11,700
3 or more	28,795	1,578	593	1,035	1,123	1,401	1,783	6,999	8,474	4,111	1,728	10,000
Persons 60 to 64 yr:												
None	34,515	31,126	17,592	16,959	18,038	18,313	19,831	60,710	75,694	58,132	30,120	9,500
1	58,467	4,556	2,642	3,063	3,171	3,413	3,350	9,596	11,925	9,845	6,897	9,800
2 or more	11,112	442	223	355	307	555	561	1,775	2,741	2,247	1,906	12,400
Persons 65 yr and over:												
None	262,495	13,635	6,082	7,851	9,150	11,907	14,064	50,205	68,712	54,157	26,732	11,300
1	97,518	18,972	9,734	7,380	6,569	5,510	5,571	13,319	13,266	10,045	7,152	6,100
2 or more	56,081	3,517	4,641	5,146	5,797	4,864	4,107	8,557	8,382	6,031	5,039	7,000
Stories in structure and elevator:												
1 to 3 stories	265,386	25,045	14,290	15,469	15,107	16,346	17,198	50,651	58,404	38,928	13,948	8,700
4 to 6 stories	42,156	2,946	1,959	1,975	2,139	1,846	1,977	6,516	9,156	9,588	4,054	10,900
With elevator	38,517	2,365	1,665	1,744	1,863	1,649	1,811	5,941	8,627	9,052	3,800	11,300
Walkup	3,639	581	294	231	276	197	166	575	529	536	254	7,400
7 to 12 stories	26,995	2,202	1,306	953	1,009	1,259	967	3,494	5,588	5,066	5,151	12,100
13 stories or more	81,093	5,008	2,559	2,878	2,540	2,663	3,849	11,835	16,924	15,947	16,890	12,700
Units in structure:												
1	104,626	9,497	4,453	4,965	5,289	5,536	6,841	21,588	24,720	16,263	5,474	9,200
2 to 4	60,151	5,539	2,908	2,948	3,411	3,300	3,525	11,401	14,531	9,677	2,911	9,200
5 to 19	71,830	6,867	4,365	4,496	4,856	4,834	4,747	12,869	14,175	9,799	4,822	8,300
20 to 49	49,558	4,946	3,089	2,930	2,844	2,818	2,556	6,883	8,598	8,245	6,649	9,400
50 or more	129,929	9,275	5,642	5,038	5,116	5,793	6,073	19,340	28,336	26,249	19,067	11,500
Year structure built:												
1969 to March 1970	37,810	2,595	1,494	1,586	2,096	2,211	2,667	6,971	7,924	6,803	3,463	9,700
1965 to 1968	111,167	7,261	5,001	5,253	5,820	5,943	6,513	19,123	24,810	21,112	10,321	10,100
1960 to 1964	92,481	7,819	5,045	5,032	5,010	5,916	5,246	15,606	20,379	15,821	7,327	9,500
1950 to 1959	67,883	5,441	2,910	2,978	2,778	3,118	3,500	11,234	16,532	13,277	6,106	10,600
1949 or earlier	106,753	13,008	5,997	5,528	5,812	5,813	5,816	19,138	20,715	13,220	11,706	8,800

TABLE A-5.—UNITS IN STRUCTURE FOR OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970, UNITED STATES

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

	Total	1 unit	2 to 4 units	5 to 9 units	10 to 19 units	20 to 49 units	50 units or more
All occupied cooperative and condominium housing units	416,094	104,626	60,151	33,544	38,286	49,558	129,929
Rooms:							
1 and 2 rooms	20,514	1,857	1,122	896	3,026	3,272	10,341
3 rooms	83,203	6,389	7,081	5,255	10,025	14,786	39,667
4 rooms	140,919	24,628	22,499	14,358	13,840	17,926	47,668
5 rooms	94,063	32,544	18,180	8,292	7,249	7,497	20,301
6 rooms or more	77,395	39,208	11,269	4,743	4,146	6,077	11,952
Median	(4.2)	(5.1)	(4.5)	(4.2)	(3.9)	(3.9)	(3.8)
Bedrooms:							
None	8,091	536	451	392	897	1,017	4,798
1	102,936	8,618	10,603	6,676	11,759	17,761	47,519
2	198,848	43,506	34,082	19,565	20,127	23,521	58,047
3 or more	105,755	52,891	15,977	6,139	5,074	6,660	19,014
Persons:							
1 person	98,330	14,589	12,705	8,970	13,984	14,845	33,237
2 persons	170,241	32,489	23,164	14,261	17,393	25,861	57,073
3 and 4 persons	108,070	35,694	17,647	8,096	5,681	7,276	33,676
5 persons	20,687	9,439	3,653	1,367	706	1,145	4,377
6 persons or more	18,766	12,415	2,982	850	522	431	1,566
Median	(2.1)	(2.8)	(2.2)	(2.0)	(1.8)	(1.9)	(2.1)
Persons per room:							
0.50 or less	235,955	52,958	34,382	21,937	26,879	33,020	66,779
0.51 to 1.00	161,335	41,753	22,567	10,560	10,678	15,788	59,899
1.01 to 1.50	13,993	7,159	2,553	808	460	471	2,542
1.51 or more	4,811	2,756	649	239	269	279	619
Stories in structure and elevator:							
1 to 3 stories	265,386	105,551	61,113	31,744	32,197	24,444	10,337
4 to 6 stories	42,156			1,028	3,691	14,998	22,439
With elevator	38,517			270	2,330	13,969	21,948
Walkup	3,639			758	1,361	1,029	491
7 to 12 stories	26,995				918	5,060	21,017
13 stories or more	81,093				1,051	4,457	75,585

	Total	1 unit	2 to 4 units	5 to 9 units	10 to 19 units	20 to 49 units	50 units or more
Year structure built:							
1969 to March 1970	37,810	9,199	5,632	4,507	2,808	5,158	10,506
1965 to 1968	111,167	26,641	11,131	13,513	10,053	15,696	34,133
1960 to 1964	92,481	14,852	5,737	5,432	13,366	9,812	43,282
1950 to 1959	67,883	16,386	11,233	2,087	4,268	7,717	26,192
1949 or earlier	106,753	37,548	26,418	8,005	7,791	11,175	15,816
Household composition:							
2-or-more-person households	317,764	90,037	47,446	24,574	24,302	34,713	96,692
Male head, wife present, no nonrelatives	266,201	74,062	39,849	20,203	20,113	29,103	82,871
Under 25 years	10,712	4,756	2,024	1,621	779	391	1,141
25 to 34 years	35,628	15,544	5,729	3,835	2,041	1,473	7,006
35 to 44 years	35,995	14,534	5,675	2,026	1,406	1,916	10,438
45 to 64 years	109,548	29,199	16,727	6,207	6,606	12,071	38,738
65 years and over	74,318	10,029	9,694	6,514	9,281	13,252	25,548
Other male head	15,835	5,126	2,094	730	1,095	1,999	4,791
Under 65 years	12,161	4,184	1,640	529	772	1,454	3,582
65 years and over	3,674	942	454	201	323	545	1,209
Female head	35,728	10,849	5,503	3,641	3,094	3,611	9,030
Under 65 years	27,356	9,000	4,285	3,002	1,887	2,254	6,928
65 years and over	8,372	1,849	1,218	639	1,207	1,357	2,102
1-person households	98,330	14,589	12,705	8,970	13,984	14,845	33,237
Under 65 years	46,978	8,844	6,282	4,085	4,811	6,676	16,280
65 years and over	51,352	5,745	6,423	4,885	9,173	8,169	16,957
Residence of head in 1970:							
Inside SMSA's	381,759	85,720	52,193	31,474	36,489	46,990	128,893
In central cities	227,361	35,509	28,419	12,619	15,359	27,505	107,950
Not in central cities	154,398	50,211	23,774	18,855	21,130	19,485	20,943
Outside SMSA's	34,335	18,906	7,958	2,070	1,797	2,568	1,036
Race of head:							
White	372,800	87,871	54,340	30,302	36,359	47,626	116,302
Negro	38,549	15,533	5,373	2,981	1,635	1,461	11,566
Other races	4,745	1,222	438	261	292	471	2,061

TABLE A-6.— UNITS IN STRUCTURE BY YEAR STRUCTURE BUILT FOR OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970, UNITED STATES

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

United States	Total	1 unit	2 to 49 units				50 units or more			
			Total	1960 to March 1970	1950 to 1959	1949 or earlier	Total	1960 to March 1970	1950 to 1959	1949 or earlier
All occupied cooperative and condominium housing units	416,094	104,626	181,539	102,845	25,305	53,389	129,929	87,921	26,192	15,816
Rooms:										
1 and 2 rooms	20,514	1,857	8,316	4,923	1,106	2,287	10,341	6,677	1,968	1,696
3 rooms	83,203	6,389	37,147	24,000	5,522	7,625	39,667	27,969	8,507	3,191
4 rooms	140,919	24,628	68,623	43,439	9,664	15,520	47,668	32,950	10,800	3,918
5 rooms	94,063	32,544	41,218	20,670	6,948	13,600	20,301	14,180	3,944	2,177
6 rooms or more	77,395	39,208	26,235	9,813	2,065	14,357	11,952	6,145	973	4,834
Median	(4.2)	(5.1)	(4.2)	(4.0)	(4.1)	(4.6)	(3.8)	(3.8)	(3.7)	(4.3)
Persons per room:										
0.50 or less	235,955	52,958	116,218	70,704	12,476	33,038	66,779	43,061	12,604	11,114
0.51 to 1.00	161,335	41,753	59,593	30,605	11,787	17,201	59,989	42,792	12,764	4,433
1.01 to 1.50	13,993	7,159	4,292	1,083	847	2,362	2,542	1,706	679	157
1.51 or more	4,811	2,756	1,436	453	195	788	619	362	145	112
Own children under 18:										
None	302,061	56,921	142,721	86,578	17,868	38,275	102,419	69,136	20,470	12,813
1	46,969	16,744	17,201	7,744	3,550	5,907	13,024	8,904	2,831	1,289
2	38,269	14,361	13,233	5,475	2,719	5,039	10,675	7,353	2,194	1,128
3 or more	28,795	16,600	8,384	3,048	1,168	4,168	3,811	2,528	697	586
Persons 60 to 64 years:										
None	346,515	91,560	149,959	84,043	21,038	44,878	104,996	70,783	21,121	13,092
1	58,467	11,022	26,594	15,610	3,630	7,354	20,851	14,298	4,226	2,327
2 or more	11,112	2,044	4,986	3,192	637	1,157	4,082	2,840	845	397
Persons 65 years and over:										
None	262,495	81,486	101,954	50,812	16,704	34,438	79,055	54,439	16,324	8,292
1	97,518	15,560	49,123	29,924	5,833	13,366	32,835	20,749	6,769	5,317
2 or more	56,081	7,580	30,462	22,109	2,768	5,585	18,039	12,733	3,099	2,207
Elevator in structure (in structures with 4 stories or more):										
Yes	146,605	----------	28,055	12,081	6,554	9,420	118,550	80,470	24,734	13,346
No	3,639	----------	3,148	330	199	2,619	491	----------	68	423
Household composition:										
2-or-more-person households	317,764	90,037	131,035	73,204	19,354	38,477	96,692	66,773	19,575	10,344
Male head, wife present, no nonrelatives	266,201	74,062	109,268	63,292	16,623	29,353	82,871	57,863	17,222	7,786
Under 25 years	10,712	4,756	4,815	3,181	412	1,222	1,141	814	247	80
25 to 34 years	35,628	15,544	13,078	7,059	1,790	4,229	7,006	5,203	1,205	598
35 to 44 years	35,995	14,534	11,023	4,296	2,149	4,578	10,348	7,455	1,868	1,115
45 to 64 years	109,548	29,199	41,611	20,166	8,634	12,811	38,738	26,194	9,312	3,232
65 years and over	74,318	10,029	38,741	28,590	3,638	6,513	25,548	18,197	4,590	2,761
Other male head	15,835	5,126	5,918	1,881	796	3,241	4,791	2,809	666	1,316
Under 65 years	12,161	4,184	4,395	1,288	636	2,471	3,582	2,176	512	894
65 years and over	3,674	942	1,523	593	160	770	1,209	633	154	422
Female head	35,728	10,849	15,849	8,031	1,935	5,883	9,030	6,101	1,687	1,242
Under 65 years	27,356	9,000	11,428	5,882	1,482	4,064	6,928	4,974	1,214	740
65 years and over	8,372	1,849	4,421	2,149	453	1,819	2,102	1,127	473	502
1-person households	98,330	14,589	50,504	29,641	5,951	14,912	33,237	21,148	6,617	5,472
Under 65 years	46,978	8,844	21,854	11,959	2,597	7,298	16,280	11,253	2,962	2,065
65 years and over	51,352	5,745	28,650	17,682	3,354	7,614	16,957	9,895	3,655	3,407
Years of school completed by head:										
Total, 25 years old and over	401,965	98,786	174,998	98,690	24,733	51,575	128,181	86,743	25,820	15,618
Elementary: 8 years of less	94,375	28,589	39,332	18,378	5,114	14,840	26,454	18,865	5,410	2,179
High school:										
1 to 3 years	67,681	19,557	29,193	15,804	4,220	9,169	18,931	13,370	4,038	1,523
4 years	106,695	25,460	47,538	27,475	7,658	12,405	33,697	23,258	7,010	3,429
College:										
1 to 3 years	57,343	11,467	26,779	17,458	3,781	5,540	19,097	12,934	3,779	2,384
4 years or more	75,871	13,713	32,156	19,575	3,960	8,621	30,002	18,316	5,583	6,103
Median school years completed	(12.4)	(12.0)	(12.4)	(12.6)	(12.4)	(12.1)	(12.6)	(12.5)	(12.5)	(13.9)
Employment status of head:										
Total, 16 years old and over	415,929	104,575	181,439	102,778	25,298	53,363	129,915	87,915	26,184	15,816
Labor force	269,213	79,722	102,876	49,288	17,663	35,925	86,615	58,422	18,439	9,754
Armed Forces	1,337	613	531	388	67	76	193	158	28	7
Civilian labor force	267,876	79,109	102,345	48,900	17,596	35,849	86,422	58,264	18,411	9,747
Employed	260,820	76,774	99,616	47,568	17,193	34,855	84,430	56,798	18,105	9,527
Unemployed	7,056	2,335	2,729	1,332	403	994	1,992	1,466	306	220
Not in labor force	146,716	24,853	78,563	53,490	7,635	17,438	43,300	29,493	7,745	6,062
Enrolled in school	2,467	642	1,163	731	89	343	662	345	94	223
Other	144,249	24,211	77,400	52,759	7,546	17,095	42,638	29,148	7,651	5,839
Residence of head in 1970:										
Inside SMSA's	381,759	85,720	167,146	93,534	24,392	49,220	128,893	87,062	26,109	15,772
In central cities	227,361	35,509	83,902	29,427	17,951	36,524	107,950	69,200	23,735	15,015
Not in central cities	154,398	50,211	83,244	64,107	6,441	12,696	20,943	17,862	2,374	707
Outside SMSA's	34,335	18,906	14,393	9,311	913.	4,169	1,036	859	83	94
Race of head:										
White	372,800	87,871	168,627	98,837	23,729	46,061	116,302	76,253	24,916	15,113
Negro	38,549	15,533	11,450	3,135	1,399	6,916	11,566	9,952	1,060	554
Other races	4,745	1,222	1,462	873	177	412	2,061	1,716	216	129

TABLE C-2.—PERSONS IN OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970, SMSA'S-IN CENTRAL CITIES

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

	Total	1 person	2 persons	3 and 4 persons	5 persons	6 persons or more	Median
All occupied cooperative and condominium housing units	227,361	54,860	84,911	66,699	11,676	9,215	2.2
Rooms:							
1 and 2 rooms	12,547	9,195	2,668	511	76	97	1.2
3 rooms	49,329	21,561	23,458	3,699	348	263	1.6
4 rooms	74,536	13,871	31,023	26,488	2,249	905	2.3
5 rooms	49,600	6,254	17,077	19,605	4,088	2,576	2.6
6 rooms or more	41,349	3,979	10,685	16,396	4,915	5,374	3.2
Median	(4.2)	(3.3)	(4.0)	(4.6)	(5.3)	(+5.5)	
Bedrooms:							
None	5,421	4,536	767	35	62	21	1.1
1	62,978	28,729	29,937	3,589	415	308	1.6
2	102,051	16,635	43,440	36,854	3,687	1,435	2.3
3 or more	56,112	3,635	11,233	25,347	8,461	7,436	3.5
Year structure built:							
1969 to March 1970	14,017	2,528	5,949	4,534	651	355	2.3
1965 to 1968	44,597	10,295	18,706	12,969	1,750	877	2.1
1960 to 1964	54,186	13,864	20,890	15,724	2,463	1,245	2.1
1950 to 1959	47,783	10,234	17,637	15,899	2,504	1,509	2.3
1949 or earlier	66,778	17,939	21,729	17,573	4,308	5,229	2.2
Year head moved into unit:							
1969 to March 1970	38,731	8,442	14,763	11,938	1,835	1,753	2.2
1968	25,867	6,153	9,973	7,850	1,011	880	2.2
1967	20,745	4,528	7,656	6,638	1,207	716	2.3
1965 and 1966	33,350	8,192	12,150	9,533	2,038	1,437	2.2
1960 to 1964	52,712	13,501	19,083	14,947	3,036	2,145	2.2
1950 to 1959	40,545	9,068	15,331	12,417	2,027	1,702	2.2
1949 or earlier	15,411	4,976	5,955	3,376	522	582	2.0
Complete bathrooms:							
1 and 1½	178,515	46,153	62,970	53,348	9,040	7,004	2.2
2 and 2½	35,256	6,281	17,223	8,921	1,486	1,345	2.2
3 or more	10,751	1,373	3,801	3,887	1,018	672	2.6
None or also used by another household	2,839	1,053	917	543	132	194	1.9
Selected characteristics:							
Owned 2d home	18,127	2,828	8,593	4,879	1,118	709	2.2
With air conditioning	143,239	33,290	57,807	42,451	6,241	3,450	2.2
Room unit(s)	97,198	21,812	37,158	31,043	4,530	2,655	2.2
Central system	46,041	11,478	20,649	11,408	1,711	795	2.1
Automobiles available:							
1	117,125	22,463	46,317	37,314	6,487	4,544	2.3
2	35,442	953	14,022	15,303	2,885	2,279	2.9
3 or more	4,166	213	710	2,222	489	532	3.5
Residence of head in 1970:							
Inside SMSA's	227,361	54,860	84,911	66,699	11,676	9,215	2.2
In central cities	227,361	54,860	84,911	66,699	11,676	9,215	2.2
Not in central cities							
Outside SMSA's							
Race of head:							
White	192,392	48,255	75,388	54,848	8,663	5,238	2.1
Negro	31,425	5,907	8,338	10,631	2,788	3,761	2.8
Other races	3,544	698	1,185	1,220	225	216	2.4

TABLE C-3.—INCOME IN 1969 OF FAMILIES AND PRIMARY INDIVIDUALS IN OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970—SMSA's IN CENTRAL CITIES

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

	Total	Less than $2,000	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $6,999	$7,000 to $9,999	$10,000 to $14,999	$15,000 to $24,999	$25,000 or more	Median (dollars)
All occupied cooperative and condominium housing units	227,361	18,842	10,279	9,369	9,810	10,908	11,824	37,935	50,086	41,389	26,919	10,500
Rooms:												
1 and 2 rooms	12,547	2,383	1,336	1,042	908	808	764	2,023	1,850	1,041	392	5,700
3 rooms	49,329	6,683	3,876	3,228	3,206	3,349	3,511	9,033	8,803	5,363	2,277	7,300
4 rooms	74,536	4,811	2,753	2,739	3,029	3,429	3,917	13,632	19,035	15,210	5,981	10,800
5 rooms	49,600	2,768	1,484	1,367	1,613	2,073	2,147	7,774	12,332	11,203	6,839	12,300
6 rooms or more	41,349	2,197	830	993	1,054	1,249	1,485	5,473	8,066	8,572	11,430	14,600
Median	(4.2)	(3.6)	(3.5)	(3.7)	(3.8)	(3.9)	(3.9)	(4.1)	(4.3)	(4.4)	(5.2)	
Bedrooms:												
None	5,421	1,135	696	453	397	504	486	857	561	230	102	5,100
1	62,978	8,225	5,188	4,535	4,167	3,723	4,168	11,764	10,277	7,045	3,886	7,400
2	102,051	6,209	3,258	3,718	3,849	4,348	5,364	16,955	25,556	21,127	11,667	11,400
3 or more	56,112	2,857	1,093	1,174	1,283	1,769	2,166	7,671	13,469	13,091	11,539	13,700
Persons:												
1 person	54,860	12,289	5,547	3,881	3,717	3,616	3,683	8,748	6,770	3,788	2,821	5,600
2 persons	84,911	4,099	3,556	3,765	4,140	4,403	4,649	13,605	18,405	15,880	12,409	11,200
3 and 4 persons	66,699	1,695	849	1,266	1,379	2,026	2,502	11,636	18,990	17,297	9,059	13,200
5 persons	11,676	404	124	174	228	428	444	2,063	3,406	26,667	1,738	12,900
6 persons or more	9,215	355	203	283	346	436	546	1,883	2,515	1,757	892	11,100
Median	(2.2)	(1.3)	(1.4)	(1.7)	(1.8)	(1.9)	(2.0)	(2.3)	(2.5)	(2.6)	(2.4)	
Persons per room:												
0.50 or less	121,106	14,543	7,121	5,901	6,190	6,270	6,642	18,289	20,963	17,815	17,372	9,300
0.51 to 1.00	96,254	3,727	2,928	3,088	3,193	4,118	4,630	17,428	26,150	21,765	9,227	11,700
1.01 to 1.50	7,764	354	140	238	256	400	381	1,818	2,456	1,474	247	10,600
1.51 or more	2,237	218	90	142	171	120	171	400	517	335	73	8,500
Own children under 18:												
None	161,845	16,721	9,312	7,789	8,191	8,392	8,764	24,579	30,947	27,261	19,889	9,700
1	28,010	699	420	638	724	1,049	1,306	5,242	8,066	6,774	3,092	12,400
2	23,160	686	251	489	420	748	892	4,897	6,978	5,187	2,612	12,300
3 or more	14,346	736	296	453	475	719	862	3,217	4,095	2,167	1,326	10,500
Persons 60 to 64 yr:												
None	190,575	16,572	8,940	7,895	8,277	9,100	9,845	32,123	42,241	34,432	21,150	10,300
1	31,082	2,075	1,248	1,312	1,391	1,545	1,716	4,904	6,496	5,806	4,589	11,000
2 or more	5,704	195	91	162	142	263	263	908	1,349	1,151	1,180	13,100
Persons 65 yrs and over:												
None	153,505	6,976	3,196	4,084	4,676	6,588	7,780	28,301	39,934	33,131	18,839	11,900
1	50,124	10,123	4,942	3,217	2,871	2,351	2,577	6,468	6,962	5,713	4,900	6,600
2 or more	23,732	1,743	2,141	2,068	2,263	1,969	1,467	3,166	3,190	2,545	3,180	7,200
Stories in structure and elevator:												
1 to 3 stories	98,803	9,943	5,541	5,290	5,219	5,769	6,646	18,855	22,267	14,604	4,669	8,700
4 to 6 stories	28,251	1,933	1,324	1,037	1,378	1,272	1,170	4,223	6,608	6,976	2,330	11,400
With elevator	25,074	1,352	1,045	851	1,121	1,114	1,046	3,739	6,159	6,548	2,099	11,800
Walkup	3,177	581	279	186	257	158	124	484	449	428	231	7,000
7 to 12 stories	20,728	1,621	896	802	698	830	624	2,653	4,535	4,220	3,849	12,500
13 stories or more	78,780	4,929	2,474	2,751	2,401	2,473	3,744	11,516	16,453	15,693	16,346	12,800
Units in structure:												
1	35,509	3,142	1,394	1,669	1,651	2,001	2,449	7,816	8,073	5,167	2,147	9,100
2 to 4	28,419	2,780	1,361	1,188	1,359	1,529	1,539	5,198	7,143	4,866	1,456	9,600
5 to 19	27,978	3,150	1,832	1,536	1,730	1,684	1,853	5,104	5,546	3,323	2,220	8,300
20 to 49	27,505	2,525	1,453	1,183	1,314	1,322	1,192	3,709	5,047	5,201	4,559	11,000
50 or more	107,950	7,245	4,239	3,793	3,756	4,372	4,791	16,108	24,277	22,832	16,537	12,000
Year structure built:												
1969 to March 1970	14,017	910	399	486	669	814	917	2,744	3,209	2,478	1,391	10,100
1965 to 1968	44,597	2,749	1,701	1,595	1,838	2,051	2,44	8,052	10,331	9,068	4,771	10,900
1960 to 1964	54,186	4,026	2,516	2,192	2,57	2,54	2,791	8,975	13,353	10,476	5,186	10,700
1950 to 1959	47,783	3,458	2,124	1,865	1,742	1,964	2,358	7,551	11,542	10,321	4,858	11,200
1949 or earlier	66,778	7,699	3,539	3,231	3,404	3,565	3,317	10,613	11,651	9,046	30,713	9,400

TABLE K-3.—INCOME IN 1969 OF FAMILIES AND PRIMARY INDIVIDUALS IN OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970—SMSA'S WITH 10,000 OR MORE CO-OPS AND CONDOMINIUMS, NEW YORK, N.Y.

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

	Total	Less than $2,000	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $6,999	$7,000 to $9,999	$10,000 to $14,999	$15,000 to $24,999	$25,000 or more	Median (dollars)
Year head moved into unit:												
1969 to March 1970	12,567	758	341	367	477	465	602	2,207	3,332	2,617	1,401	11,600
1968	11,970	593	427	303	391	414	555	1,912	3,212	2,555	1,608	12,200
1967	10,412	439	269	289	279	384	520	1,629	2,814	2,307	1,482	12,500
1965 and 1966	16,811	1,031	499	600	526	615	708	2,540	4,261	3,785	2,246	12,200
1960 to 1964	34,405	2,379	1,428	1,113	1,095	1,425	1,421	5,192	8,254	7,266	4,832	11,900
1950 to 1959	24,519	1,393	900	745	636	829	809	3,117	5,332	6,261	4,497	13,600
1949 or earlier	5,883	679	314	238	212	212	218	592	732	1,055	1,631	13,300
Complete bathrooms:												
1 and 1½	96,111	6,470	3,936	3,360	3,402	3,996	4,619	16,301	25,725	21,816	6,486	11,200
2 and 2½	12,428	403	148	122	117	204	110	620	1,712	3,090	5,902	24,000
3 or more	7,216	290	48	123	74	97	49	152	327	841	5,215	25,000+
None or also used by another household	182	109	46	50	23	47	55	116	173	99	94	9,000
Selected characteristics:												
Owned 2d home	11,239	362	190	223	170	78	178	539	1,647	2,090	5,762	25,000+
With airconditioning	83,576	3,900	2,387	1,966	2,064	2,714	2,797	11,294	19,919	20,500	16,035	13,700
Room unit(s)	64,203	2,409	1,545	1,202	1,303	1,970	2,019	8,515	15,629	16,612	12,999	14,200
Central system	19,373	1,491	842	764	761	744	778	2,779	4,290	3,888	3,036	11,800
Automobiles available:												
1	57,114	1,392	912	943	1,074	1,365	1,912	8,154	6,867	15,413	9,082	13,800
2	12,025	146	65	77	41	165	202	797	2,696	4,549	3,287	19,000
3 or more	1,067	15	6	13	----------	19	----------	40	140	312	522	24,600
Household composition:												
2-or-more-person households	93,707	2,502	2,037	2,237	2,361	2,966	3,342	13,247	24,911	24,124	15,980	13,600
Male head, wife present, no nonrelatives	78,594	1,538	1,612	1,635	1,864	2,230	2,521	10,692	21,545	21,746	13,211	1,000
Under 25 yr	1,191	57	22	46	50	59	88	249	485	120	15	10,300
25 to 34 yr	8,859	135	54	38	76	174	218	1,630	3,272	2,447	815	13,200
35 to 44 yr	12,976	159	51	83	73	145	246	1,716	4,277	4,142	2,084	14,700
45 to 64 yr	39,625	379	184	327	330	730	1,001	4,854	11,262	12,957	7,601	15,600
65 yr and over	15,943	808	1,301	1,141	1,335	1,122	968	2,243	2,249	2,080	2,696	8,700
Other male head	5,707	179	96	154	100	162	168	843	1,084	971	1,950	15,700
Under 65 yr	4,400	99	23	56	66	122	133	647	951	837	1,466	16,200
65 yr and over	1,307	80	73	98	34	40	35	196	133	134	484	13,700
Female head	9,406	785	329	448	397	574	653	1,712	2,282	1,407	819	9,700
Under 65 yr	7,326	493	174	319	290	471	553	1,470	2,005	1,115	436	9,800
65 yr and over	2,080	292	155	129	107	103	100	242	277	292	383	8,900
1-person households	22,860	4,770	2,141	1,418	1,255	1,378	1,491	3,942	3,026	1,722	1,717	6,300
Under 65 yr	12,385	1,101	546	510	682	932	1,119	3,173	2,235	1,072	1,015	8,200
65 yr and over	10,475	3,669	1,595	908	573	446	372	769	791	650	702	3,000
Veteran status of head:												
Civilian male, 16 yr old and over	89,923	2,381	1,989	2,066	2,252	2,637	2,961	12,631	23,616	23,332	16,058	13,800
Veteran	44,590	638	494	548	655	823	1,163	5,594	12,470	13,307	8,898	15,000
Percent of total	(49.6)	(26.8)	(24.8)	(26.5)	(29.1)	(31.2)	(39.3)	(44.3)	(52.8)	(57.0)	(55.4)	----------
Vietnam conflict	1,626	27	----------	30	19	50	79	315	701	278	127	12,100
Korean conflict	5,958	45	19	64	40	77	138	774	2,016	1,788	997	14,500
Korean conflict and World War II	798	18	8	8	19	6	21	83	228	212	195	15,400
World War II	28,176	329	164	203	272	424	618	3,265	7,596	9,374	5,931	16,300
World War I	3,250	177	233	229	236	183	156	404	323	431	878	10,100
Other service	4,782	42	70	14	69	83	151	753	1,606	1,224	770	13,800
Nonveteran	45,333	1,743	1,495	1,518	1,597	1,814	1,798	7,037	11,146	10,025	7,160	12,500
Years of school completed by head:												
Total, 25 yr old and over	114,848	7,086	4,121	3,588	3,550	4,266	4,684	16,767	27,403	25,714	17,669	12,400
Elementary: 8 yr or less	24,878	3,861	2,566	1,861	1,681	1,564	1,464	3,805	4,594	2,577	905	6,600
High school:												
1 to 3 yr	16,965	804	452	528	603	779	1,058	3,353	4,662	3,682	1,044	11,000
4 yr	30,311	1,387	639	738	727	1,148	1,345	5,611	8,698	7,195	2,823	12,000
College:												
1 to 3 yr	15,968	495	243	215	285	426	499	2,318	4,382	4,441	2,664	14,000
4 yr or more	26,726	539	221	246	254	349	318	1,680	5,067	7,819	10,233	21,000
Median school years completed	(12.5)	(9.0−)	(9.0−)	(9.0−)	(9.5)	(11.2)	(11.5)	(12.2)	(12.5)	(12.9)	(16.0+)	----------
Employment status of head:												
Total, 16 yr old and over	116,455	7,272	4,170	3,655	3,616	4,344	4,833	17,189	27,929	25,846	17,691	12,400
Labor force	90,288	1,236	886	1,436	1,692	2,612	3,676	14,578	25,288	23,543	15,341	13,800
Armed Forces	94	----------	----------	----------	----------	----------	22	11	11	36	14	----------
Civilian labor force	90,194	1,236	886	1,436	1,692	2,612	3,654	14,567	25,277	23,507	15,327	13,800
Employed	88,306	1,156	812	1,289	1,572	2,479	3,564	14,200	24,774	23,226	15,234	13,900
Unemployed	1,888	80	74	147	120	133	90	367	503	281	93	9,500
Not in labor force	26,257	6,036	3,284	2,219	1,924	1,732	1,157	2,611	2,641	2,303	2,350	4,800
Enrolled in school	601	102	31	19	44	61	20	104	91	90	39	7,700
Other	25,656	5,934	3,253	2,200	1,880	1,671	1,137	2,507	2,550	2,213	2,311	4,800
Occupation of employed head:												
Total employed, 16 yr old and over	88,306	1,156	812	1,289	1,572	2,479	3,564	14,200	24,774	23,226	15,234	13,900
Professional, technical, and kindred workers	19,923	244	130	148	182	237	366	1,942	4,820	6,117	5,737	18,100
Managers and administrators, except farm	15,785	98	66	96	95	127	151	1,473	3,123	4,826	5,730	20,500
Salesworkers	10,726	170	85	144	178	272	360	1,329	2,902	3,038	2,248	14,900
Clerical and kindred workers	16,162	188	213	284	446	879	1,233	4,249	4,868	3,221	581	10,600
Craftsmen and kindred workers	9,981	89	83	131	116	190	339	1,590	3,904	3,013	526	13,100
Operatives, except transport	5,010	112	83	149	228	317	392	1,158	1,490	885	196	10,200
Transport equipment operatives	3,850	45	12	78	97	107	233	1,022	1,309	878	69	11,300
Laborers, except farm	1,417	49	6	38	13	43	58	437	478	259	36	10,700
Farmworkers	53	----------	----------	6	----------	9	6	12	13	7	----------	----------
Service workers, except private household	5,198	133	116	178	207	285	410	968	1,816	974	111	10,800
Private household workers	201	28	18	37	10	13	16	20	51	8	----------	5,600
Industry of employed head:												
Total employed, 16 yrs old and over	88,306	1,156	812	1,289	1,572	2,479	3,564	14,200	24,774	23,226	15,234	13,900
Construction	3,092	41	11	30	26	36	102	451	1,099	995	301	13,900
Manufacturing	18,245	175	157	300	374	487	612	2,569	5,210	5,299	3,062	14,300
Durable goods	5,351	40	34	53	93	76	176	673	1,732	1,638	836	14,400
Nondurable goods	12,894	135	123	247	281	411	436	1,896	3,478	3,661	2,226	14,200
Transportation, communications, and other public utilities	7,489	107	57	100	102	189	307	1,605	2,564	1,791	667	12,500
Wholesale and retail trade	16,992	274	216	298	387	570	796	3,065	4,926	4,330	2,130	12,900
Wholesale trade	6,012	58	44	42	62	124	211	946	1,640	1,626	1,259	14,600
Retail trade	10,980	216	172	256	325	446	585	2,119	3,286	2,704	871	12,100
Finance, insurance, and real estate	8,837	70	26	95	118	263	380	1,282	2,066	1,979	2,558	15,600
Business and repair services	4,154	47	52	37	117	130	226	647	1,090	968	840	13,800
Personal services	1,988	91	68	136	74	119	139	366	560	342	93	10,000
Professional and related services	17,989	234	191	218	298	472	720	2,531	4,090	4,490	4,745	15,500
Public administration	8,000	77	27	37	53	160	200	1,534	2,810	2,585	517	13,400
Other industry	1,520	40	7	38	23	53	82	150	359	447	321	15,200

TABLE K-3.—INCOME IN 1969 OF FAMILIES AND PRIMARY INDIVIDUALS IN OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970—SMSA'S WITH 10,000 OR MORE CO-OPS AND CONDOMINIUMS, NEW YORK, N.Y.—Continued

	Total	less than $2,000	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $6,999	$7,000 to $9,999	$10,000 to $14,999	$15,000 to $24,999	$25,000 or more	Median (dollars)
Class of worker of employed head:												
Total employed, 16 yr old and over	88,306	1,156	812	1,289	1,572	2,479	3,564	14,200	24,774	23,226	15,234	13,900
Private wage and salary workers	55,778	755	645	921	1,256	1,780	2,510	9,281	15,832	14,667	8,131	13,400
Government workers	17,683	231	79	145	156	397	633	3,159	6,006	5,392	1,485	13,400
Self-employed workers	14,805	170	88	223	160	295	421	1,754	2,936	3,167	5,591	19,300
Unpaid family workers	40					7		6			27	
Means of transportation to work of head:												
Total, working heads	86,109	1,093	777	1,246	1,432	2,364	3,507	13,760	24,281	22,804	14,845	13,900
Private automobile, driver	27,277	231	153	295	264	541	846	3,562	8,434	8,572	4,379	14,600
Private automobile, passenger	3,845	46	28	36	27	66	143	556	1,062	1,020	861	14,800
Bus or streetcar	10,207	203	195	241	340	468	586	2,028	2,529	1,995	1,622	12,100
Subway or elevated train	32,814	401	243	451	642	1,060	1,479	6,217	10,005	8,574	3,742	13,000
Railroad	1,828	18	12	20	7	13	43	180	424	706	405	17,800
Walked only	5,703	94	118	155	106	155	280	743	1,192	1,164	1,696	15,100
Other means	3,192	47	10	6	21	33	76	342	494	490	1,673	25,000+
Worked at home	1,243	53	18	42	25	28	54	132	141	283	467	19,500
Residence of head in 1970:												
Inside SMSA's	116,567	7,272	4,178	3,655	3,616	4,344	4,833	17,189	27,937	25,846	17,697	12,400
In central cities	109,526	6,865	3,965	3,481	3,466	4,201	4,579	16,488	26,096	23,740	16,645	12,200
Not in central cities	7,041	407	213	174	150	143	254	701	1,841	2,106	1,052	14,000
Outside SMSA's												
Race of head:												
White	102,984	6,593	3,801	3,235	3,157	3,605	3,828	14,250	24,041	23,284	17,190	12,700
Negro	12,441	615	335	338	421	681	946	2,693	3,566	2,378	468	10,300
Other races	1,142	64	42	82	38	58	59	246	330	184	39	9,800

TABLE K-5.—UNITS IN STRUCTURE FOR OWNER OCCUPIED COOPERATIVE AND CONDOMINIUM HOUSING UNITS: 1970 SMSA'S WITH 10,000 OR MORE CO-OPS AND CONDOMINIUMS

[Data based on sample, see text. For minimum base for derived figures (percent, median, etc.) and meaning of symbols, see text]

New York, N.Y.	Total	1 unit	2 to 4 units	5 to 9 units	10 to 19 units	20 to 49 units	50 units or more
All occupied cooperative and condominium housing units	116,567	3,010	8,422	1,180	4,323	12,853	86,779
Rooms:							
1 and 2 rooms	4,953	38	76	81	206	496	4,056
3 rooms	31,734	174	1,456	235	613	2,669	26,587
4 rooms	41,735	445	2,310	352	1,037	4,106	33,485
5 rooms	21,164	923	3,476	266	1,026	1,893	13,580
6 rooms or more	16,981	1,430	1,104	246	1,441	3,689	9,071
Median	(4.0)	(5.4)	(4.6)	(4.3)	(4.8)	(4.3)	(3.9)
Bedrooms:							
None	2,130		62	39	166	102	1,761
1	36,784	375	2,293	281	1,029	3,245	29,561
2	50,096	924	3,433	432	1,534	5,073	38,700
3 or more	26,622	1,711	2,886	339	1,454	4,071	16,161
Persons:							
1 person	22,860	261	659	227	1,016	2,776	17,921
2 persons	43,331	652	2,079	495	1,436	4,809	33,860
3 and 4 persons	41,529	1,440	4,626	356	1,464	4,127	29,516
5 persons	6,392	441	723	82	233	816	4,097
6 persons or more	2,455	216	335	20	174	325	1,385
Median	(2.3)	(3.3)	(3.1)	(2.2)	(2.3)	(2.3)	(2.3)
Persons per room:							
0.50 or less	52,056	1,926	2,205	617	2,520	7,253	38,335
0.51 to 1.0	60,546	1,766	5,683	492	1,645	5,200	45,760
1.01 to 1.50	3,399	94	466	48	130	328	2,333
1.51 or more	566	24	68	23	28	72	351
Stories in structure and elevator:							
1 to 3 stories	14,898	3,010	8,674	645	1,256	463	850
4 to 6 stories	23,605			446	1,678	6,307	15,174
With elevator	21,404			147	754	5,668	14,835
Walkup	2,201			299	924	639	339
7 to 12 stories	13,352				417	2,418	10,517
13 stories or more	63,777				832	3,303	59,642

New York, N.Y.	Total	1 unit	2 to 4 units	5 to 9 units	10 to 19 units	20 to 49 units	50 units or more
Year structure built:							
1969 to March 1970	3,912	133	55	103	19	127	3,475
1965 to 1968	19,133	969	164	174	470	453	16,903
1960 to 1964	35,829	322	410	23	357	1,048	33,669
1950 to 1959	33,852	652	5,641	178	704	4,762	21,915
1949 or earlier	23,841	934	2,152	702	2,773	6,463	10,817
Household composition:							
2-or-more-person households	93,707	2,749	7,763	953	3,307	10,077	68,858
Male head, wife present, no nonrelatives	78,594	2,353	7,011	691	2,494	7,818	58,227
Under 25 years	1,191	25	88		59	130	889
25 to 34 years	8,859	531	898	128	385	748	6,171
35 to 44 years	12,976	505	1,470	143	407	1,076	9,375
45 to 64 years	39,625	1,079	3,926	288	1,085	4,206	29,041
65 years and over	15,943	213	629	132	560	1,658	12,751
Other male head	5,707	143	222	89	354	1,063	3,836
Under 65 years	4,400	119	185	89	261	818	2,928
65 years and over	1,307	24	37		93	245	908
Female head	9,406	253	530	173	459	1,196	6,795
Under 65 years	7,326	226	452	122	259	788	5,479
65 years and over	2,080	27	78	51	200	408	1,316
1-person households	22,860	261	659	227	1,016	2,776	17,921
Under 65 years	12,385	188	360	139	493	1,365	9,840
65 years and over	10,475	73	299	88	523	1,411	8,081
Residence of head in 1970:							
Inside SMSA's	116,567	3,010	8,422	1,180	4,323	12,853	86,779
In central cities	109,526	1,859	7,470	693	3,447	12,042	84,015
Not in central cities	7,041	1,151	952	487	876	811	2,764
Outside SMSA's							
Race of head:							
White	102,984	2,792	7,981	974	3,971	12,078	75,188
Negro	12,441	207	410	206	313	689	10,616
Other races	1,142	11	31		39	86	975

[From the Washington Post, Sept. 8, 1973]

BACKGROUND INFORMATION ON CONDOMINIUMS

CONDOMINIUM PLAN DESERVES DELIBERATION

(By Dorothea M. Brooks)

NEW YORK.—Condominium. Not so long ago it was something you looked up in the dictionary: "Individual ownership of a unit in a multi-unit structure; a unit so owned."

Today, it's a household word. What's more, an increasing number of households are condominiums.

New condominium units offered for sale this year are expected to account for more than 50 per cent of the total number of new dwellings—perhaps as high as 58 per cent. As recently as 1970, condominiums accounted for only 11 per cent of new home sales.

The condominium boom mirrors important changes in the composition of American society. The groups most attracted to condominiums—younger buyers and senior citizens—now comprise 55 per cent of our population.

Unlike some housing trends of the past, condominiums did not emerge quietly—slowly gaining popularity. "Instead," says Robert W. Gaber, president of Conco Mortgage Co., San Francisco, "an explosion of demand reached, almost overnight, boom proportions."

Would-be owners are rushing to buy condominiums in all forms: townhouses and cluster homes; apartments—both the garden-type low-rise and high-rises.

There is a growing trend of converting rental apartments to condominiums. This involves rehabilitation of older, run-down buildings, helping to renew many deteriorating neighborhoods and to meet the demand for inner-city housing in some areas. Many of the conversions also involve newer, more modern apartment buildings that require little or no renovation.

Price and geographical location, of course, are important considerations for all buyers, and often a deciding factor is the minimum of time-consuming maintenance required by the condominium.

On principle, the concept has much to commend it. In many ways it gives the condominimum owner the equivalent of single family home ownership. He can tailor the financing, to a degree, to his own needs; has an equity interest which figures to give him a measure of inflation protection and gets the tax advantages of private home ownership—tax and interest deductions, deferment of tax on gain on sale within code limits, and long-term capital gain treatment if tax deferment is not available. Normally, he is the absolute owner. And, if he wants, he can rent and take depreciation deductions like any other landlord.

As with most things, however, the condominium form of ownership is not without drawbacks and pitfalls. As with any home purchase, it requires an alert buyer, aware of the cons as well as the pros.

From the Institute for Business Planning, a New York City publisher of financial and

real estate planning information, comes a checklist of some of the key items the potential buyer of a condominium should be aware of:

Lease of land. In many cases, the developer will retain ownership of the land and recreational facilities. He may thus collect rent for both from the condominium owners for longer periods—such as 99 years or possibly more. The rent may be way out of line.

For example, recreational facilities which cost $500,000 to build may be leased for $150,000 a year. Because of this, the condominium owner may be paying $50 or more per month over his normal maintenance expenses. Some developers write the lease into the deed as a mechanic's lien with the idea of getting priority for themselves over the lien of the mortgage.

Maintenance costs. The estimate given prospective purchasers may be very low. The developer may be able to defer costs while he's around. When he leaves, the actual costs show up.

Renting. Possibility of renting unit often is used as an inducement to purchase. Glowing rent estimates are made. They neglect to take account of the actual market, rental commission, screening fees, the IRS limitations on tax deductions, the fix-up expenses and other factors. Taken into account, all these things might require a rent far larger than the market would support.

Construction. The heating and cooling systems may be inadequate. The plumbing may not live up to expectations. Sound-proofing may be thin. Room sizes may be smaller than the sale floor plans showed. The same may be true of parking spaces.

Voting control. The developer often will keep voting control of the management board of the project until all units are sold. This control serves the legitimate purpose of assuring proper operation and maintenance while the units are being sold. The danger is if there's no time limit on the developer's control and he finds it difficult to sell the units, he may be able to lower prices or start renting. That, of course, is not good for the unit owners. To guard against this, the developer's control should be limited, especially the time element, which should be no more than two years at the outside.

Control of Utilities. In some projects, the developer will continue to control gas and electricity, water and sewers, and other utilities. This is to be avoided as unit owners are exposed to the risk of uncontrolled rates and poor performance without effective remedy.

Growth of project. Sometimes the developer plans to add more to the project in some undefined way. He might build so many additional units that planned recreational facilities may prove inadequate. Also, the comfort and value of the original units may be adversely affected by the sheer increase in size and number of units available.

The whole character of a community may change. What starts out as a townhouse community may later have high-rise apartments added, creating all sorts of problems for the original owners—transportation, schools, shopping, traffic, pollution, view obstruction . . .

Management contract. Special attention should be paid to any management contract a developer may retain. Such a contract, for example, may give him an exclusive on the sale or lease of units by the condominium owners at standard commission rates or permit insurance deals and the placing of repair and maintenance contracts and orders for work with affiliated or related outfits. These management contracts usually are put together before any units have been sold. There's no bargaining or negotiation. And they could tie down the unit owners for years.

Condominium is a good way of life for increasing numbers of families, but, as with any other major purchase, it's "Caveat Emptor," let the buyer beware—and be informed!

[From the Washington Post, May 26, 1974]

THE CONDOMINIUM BOOM: NEW HOUSING TREND UPSETS OLD LIFE STYLES

(By Thomas W. Lippman)

For hundreds of thousands of people, finding a place to live in the Washington metropolitan area is a radically different process from what it was two or three years ago.

A new kind of housing, the condominium, has come from out of nowhere to take a big and growing share of the housing market. A change that is sure to be striking, but is still only dimly perceived and little understood, is coming to this community.

About 40,000 condominium dwellings will go on sale in the area this year. About half are newly built. The other half used to be rental apartments, but are being taken out of the rental market and sold.

Not only are existing rental apartments being converted to condominiums at a rapid rate, but the number of new apartments being built for rent to an expanding population is dwindling. Throughout the late 1960s and until about two years ago, new apartments for rent were coming onto the Washington market at a rate of about 18,000 a year. This year the figure is expected to be 5,000 at the most.

Aside from rental apartments, the smallest category of housing now in production in the Washington area is the single family home. In the 1960's, these represented more than half of all housing units, sale or rental, that were built here. Now they represent perhaps 25 percent of housing production, and the figure is declining, as sewer-hookup moratoriums, gasoline shortages, high construction costs and tight money take their toll. Housing production itself, of all types, is declining, except in Alexandria, as developers encounter zoning restrictions, and vast stretches of open land are put off limits to construction because of sewage problems—but the area's population continues to increase.

These numbers, obtained from a variety of sources in the housing industry and local governments, only begin to tell the story of the change in Washington's traditional way of housing its people. Most persons who will buy a newly built residence in the Washington area this year and next will buy condominiums, and a steadily increasing percentage of the resale market will also be condominiums.

The longstanding system in which transient residents, single people, young couples and the elderly lived in rental apartments while families lived in single-family homes, appears to be changing beyond recall. The condominium is a symptom, not a cause, of the change.

"In the next five years," said William Regardie, an analyst of housing data who operates his own statistical service for the industry, "you will see more profound changes in the way people live than in the previous 150 years."

Other sources interviewed in the preparation of these articles—lawyers, politicians, builders, home buyers, realtors—said the same thing in less apocalyptic terms. In general they agreed that for a variety of reasons ranging from zoning policy to high lumber prices, the condominium is going to take a large, perhaps dominant, share of a tightening market.

More and more the "starter home," the first house purchased by a young family, is not a house at all but a condominium apartment, because that little three-bedroom rambler is priced out of reach.

And the last home for many of the elderly is now a condominium too, because the rental units where they live are being converted. Ever larger numbers of the people who now live in the area's 450,000 apartments will have to buy or move, with fewer rental units to move to, industry analysts say.

No one seems to know what this will mean for the Washington area five or 10 years from now. Dire predictions and off-the-cuff speculation abound, but no governmental, volunteer or industry planning staff appears to have made any long-range analysis of how these changes are going to affect the life of the community, or whether they are good or bad.

Because it is so new and still represents less than 10 per cent of the area's total housing stock, the condominium is unfamiliar to most Washingtonians, though it is common in Europe and South America and originated in ancient Rome. The word itself is Latin, used to describe the concept of joint property ownership in Roman law.

A U.S. Department of Housing and Urban Development pamphlet gives this definition:

"In a condominium, an individual owns separately one or more dwelling units in a multi-unit project. He and the owners of the other units have an undivided interest in the common area and facilities that serve the project. The common areas include such elements as land, roofs, floors, main walls, stairways, lobbies, halls, parking space, and community and commercial facilities."

In summary the buyer owns his apartment. He and the other owners jointly own the rest of the development and have joint responsibility for maintaining it.

There are also condominium town house developments, in which each unit is owned individually and the grounds and recreation areas are owned jointly. These differ from traditional town houses only in small ways. The real impact of the condominium phenomenon is being felt among apartment dwellers.

Well over 10 per cent of all apartments in the Washington area may be condominiums by the end of this year, with the trend accelerating. Almost all new apartments are condominiums, rather than rentals. One of the few new rental projects, a high-rise in Prince George's County, advertises itself as "the apartment you don't have to buy.'

What this means is that ever-increasing numbers of people who want apartments to rent are being forced either to buy apartments instead or find some other form of housing—nobody seems quite sure what that might be. The simultaneous decline in production of single-family homes, added to the skyrocketing prices of both new and existing houses, means that ever-increasing numbers of people who want to buy are buying condominiums instead of traditional houses.

People interviewed for these articles about their housing situation sounded as if they had all memorized the same line—"we wanted a house, but there was no way we could buy one." They bought condominiums instead.

A whole new group of condominum specialists has sprung up in the legal, financial and real estate professions as demands for their advice come in from developers and buyers to whom the whole idea is still a novelty. These experts themselves are still learning, trying to keep pace with a burst of condominium control laws from state and county legislatures, landmark rulings from the Internal Revenue Service, and the first trickle of court cases that will shape condominium law.

"If I'm an expert," said Devin J. Doolan, a Montgomery County legislator who as a lawyer has represented both developers and buyers of condominiums, "it's because in the country of the blind, the one-eyed man is king."

The 1961 National Housing Act authorized the Federal Housing Administration to insure mortgages on condominiums, but only in states where condominium developments

were specifically recognized and authorized by law. At the time, only Puerto Rico had such legislation, although a few condominiums existed elsewhere, but by 1968 all 50 states and the District of Columbia had adopted similar measures.

This year, according to the National Association of Home Builders, they will account for nearly a quarter of all housing units sold in the country. In the cities, the impact is even greater—a HUD survey estimated that in 25 major metropolitan areas, about half of all new units being built for sale in 1973 were condominiums. The impact is being felt especially strongly in Washington because condominiums are being built instead of, rather than in addition to, the traditional kinds of housing.

There are dozens of reasons for the condominium boom here, but the principal ones seem to be these, according to persons knowledgeable about the industry:

The single family home remains the most desired form of dwelling but it is also the most expensive and the least efficient in terms of land use and energy. It costs so much to build one that the minimum selling price is beyond the reach of all but a small segment of the population, and the decline of subdivision building in the suburbs can only increase the prices of the houses that do get built.

The prices of existing houses are also increasing by as much as 25 per cent a year as demand outstrips supply and inflation continues. As a result, many people who want to buy homes, such as young families, are turning to condominiums, which may not provide spacious yards or seclusion but do generally provide the same tax benefits and protection against inflation that home ownership does.

A two-bedroom condominium in an attractive neighborhood, complete with community pool and other facilities, may be available for $20,000 less than a traditional three-bedroom home nearby.

As for the apartment market, owners of existing rental buildings say they cannot continue to make a profit because of skyrocketing utility and maintenance costs, coupled with rent control. The builders of new apartments say that it costs so much to build them, and the interest rates on their long-term financing are so high, that the rents would be prohibitive. So they too turn to condominiums, which are thus gobbling up a large share of the residential market.

As with single-family homes, the condominium concept covers a wide variety of housing and a wide range of prices. In the District of Columbia, former rental projects that have been or are being converted into condominiums range from Fairfax Village, a prewar garden development in Anacostia, to stately luxury buildings along upper Massachusetts and Connecticut Avenues where some apartments cost more than $100,000.

Jurisdiction	Efficiency		1 bedroom		2 bedroom		3 bedroom	
	Units	Price	Units	Price	Units	Price	Units	Price
District of Columbia	0		46	$92,043	107	$138,600	11	$183,636
Alexandria	45	$25,078	993	34,595	1,055	43,207	193	50,548
Arlington County	0		120	41,917	162	57,530	18	72,760
Fairfax County	56	25,950	450	32,415	845	38,234	418	35,786
Montgomery County	0		445	35,254	760	42,585	253	45,440
Prince Georges County	0		454	29,585	488	34,394	128	35,318

Note: Average prices based on a sample of 7,047 units in 31 projects.

Source: District of Columbia Department of Human Resources, Metropolitan Washington Council of Governments.

In the suburbs, they range from Tyler Gardens, a blue-collar garden apartment development in Falls Church to high rises in Bethesda with swimming pools, tennis courts and doormen.

There is a similar range among new developments, some apartments are available for as little as about $17,000 in Prince George's County while there is a project in Foggy Bottom where prices start at more than $135,000. Nor are they limited to the District and the close-in suburbs—there are condominiums in Gaithersburg, in Columbia, in Manassas.

They have the same kinds of gimmicky names that developers everywhere love, like "Cherrywood" or "The Representative," and generally are advertised in the same way as traditional subdivisions, with emphasis on ownership, on tax deductions, on the communal recreation facilities—in some of the promotional material, the word "apartment" never appears at all. As with any other kind of housing, some are well-built, others are not; some projects are selling briskly, others are not.

Yet the buying public is only beginning to understand the potential pitfalls of condominium ownership, and the community at large is only beginning to think about what the trend to condominium development is going to mean for the future of the Washington area.

"There is a normal life cycle of housing," said John T. O'Neill, executive vice president of the Apartment and Office Association of Metropolitan Washington.

"Housing of four kinds—single family, town houses, rental apartments and condominiums—comes on stream, lives 40 to 50 years, becomes physically or economically obsolete, and is replaced. That cycle is all screwed up here. You've essentially topped the front end, except for condos."

But, O'Neill said, "The demand for rental housing has not changed. We have a 39 or 40 per cent turnover in the units of this association's members every year. The other 60 per cent are your permanent renters. They are going to be forced to buy. Those who are going to be hurt are the new family formations, the young couples who need an apartment, the pure tenants who want two- or three-year rentals," O'Neill said. "You take that man who gets assigned to a two-year tour at the Pentagon, he'll be up the creek in a couple of years."

O'Neill, who speaks for most area landlords, said that if restrictive zoning laws and "no-growth" policies in the suburbs continue to reduce housing construction, "A few years from now we'll be sitting around and asking, my god what have we done? We'll be offering incentives to developers to build rental housing."

G. V. (Mike) Brenneman, president of Brenneman Associates, a realty firm that deals in the resale of condominiums, said there is "no end in sight to the pressures on the landlords, or to the desire to own, or to inflation. The trend to condominiums can only accelerate," with still-unknown consequences for the long-range future of the community.

"What other choice is there?" asked Bruce Steele, a housing analyst for the Metropolitan Washington Council of Governments. "No single-family homes will be built for less than $60,000 next year, unless you're really out in the fringe areas. Even town houses are over $40,000, and there is still a high demand for home ownership, so what is the choice?

"This is the only metropolitan area in the top 10 with a real positive growth rate over the past three years. There is an extremely high rate of household formation, partly due to the maturing of postwar babies and partly due to marriage among people who came here as singles. This area has a large percentage of middle-class people and is less prone to recession because the government is the principal employer. Add this pressure for housing to development restrictions and sewer hookup moratoriums and the prices respond to economic forces."

Charles Jay Pilzer, a lawyer who has specialized in condominium work, said, it's a concept whose time has arrived. We're running out of resources and land. The individual home has been the ideal, and the zoning laws based on that are very conservative, but they don't really provide for development. The city is growing and a lot of people will just have to buy."

The implication of these remarks is that condominiums which come closer than other forms of housing to combining the efficiency and economy of multifamily living with the economic benefits of home ownership, will continue to take a larger share of the market. The idea that the bubble will burst, the old ways return when the bottom drops out, is mentioned, but not taken seriously.

Condominium promoters argue that because down payments are low, part of the monthly costs are tax-deductible and appreciation is rapid, it doesn't really cost much more to buy a condominium than it does to rent the equivalent apartment—and therefore there is little real hardship even for transients or the elderly who would prefer to rent.

Condominium resale values are, however, largely untested. Ownership reduces mobility in ways that many people don't want. And persons in the lower income brackets are still "effectively frozen out" of the market for ownership, as Stelle put it. "It's the lower and moderate income persons like the military are being hurt" as lower priced apartments, as well as luxury units, are turned into condominiums.

It is perhaps the elderly who are being hit the hardest by the conversion of existing apartments to ownership units, especially in upper Northwest Washington where dozens of buildings with high percentages of elderly residents are being changed over.

On the Connecticut Avenue bus or at the supermarkets, wherever the elderly congregate, the conversation is of condominiums and the fear that it will happen to them.

Because many of them have fixed, limited incomes and are living at the limits of their budgets already, any sudden increase in their monthly costs is a severe hardship, if not out of the question. Because no new rental housing that they can afford is being built, they are competing with each other for a shrinking supply of apartments. Many planners and economic analysts believe they will be forced into apartment-sharing as the only way to make ends meet—a practice common among

young single people, but less palatable to elderly persons living with years of memories and accumulations of possessions.

As a matter of economics, many of the elderly and low-income persons displaced by conversions were living in places that would have been beyond their means if the rents had not been unrealistically low for some reason—perhaps the landlord had owned the building so long that he had no mortgage so he could keep the rents down.

Reality is catching up with those tenants. There comes a point where the building must be renovated or it starts to fall apart; whether it is kept as rental units after renovation, or sold as condominiums, the costs of the work are going to be paid by the residents, and that means rising prices.

The best publicized recent example of this was the building at 3100 Connecticut Avenue NW, across from the zoo, where there was a large concentration of low-income people, many of them Spanish-speaking. They were living in one of the city's most desirable neighborhoods, and no amount of resolutions passed by the Cleveland Park Citizens Association could prevent their being forced out when the building was renovated and converted.

Whatever the reasons, the hardship for those who do lose their apartments can be severe, but it is unmeasured. No one has done a comprehensive study of what happens to people displaced by conversions—they just seem to fade into the community somewhere.

Paul D. Comanduras, vice president for sales of Wills & Plank Inc., which is handling the conversion of Tyler Gardens in Falls Church, and they did their best to mitigate the displacement problem by keeping 100 of the 480 apartments available for rental after renovation, although of course the rents will be raised.

Even so, he said, most of the current residents will have to leave.

"Nobody," he said, "is meeting his obligation to the elderly. A lot more of these people would have been able to stay and buy if the interest rate were 8 per cent instead of 9—just that much difference in the monthly payment forced them out. It's the blue collar workers who don't have money in the bank for down payments who are being hit the hardest, along with the old people, but this is the way it's going to go."

He said his firm had "gone the extra mile" to cooperate with public agencies and community groups in easing the transition at Tyler Gardens, but had found no solutions for some of the displaced residents.

"What is going to happen to our old people if we go to a condominium community?" Ira Lechner asked rhetorically. Lechner, a member of the Virginia House of Delegates from Arlington, said it "became clear when Fairlington South went that all of Arlington was going to go. The tenants are out, we already have a low vacancy rate, rents are going up, there's no way * * * Where will our transients live?"

Lechner is an exception to the general rule, as stated by O'Neill, that "politicians love condos." That is shorthand for the argument that over the long run, a municipality or county may actually benefit from having a high number of condominiums, as opposed to rental units.

They bring in more tax revenues because they are assessed at a higher rate; they generally attract, or are thought to attract, the stable, home-buying persons who make pillars of the community; and those persons in turn, having higher incomes than apartment dwellers, pay more income taxes. If an ownership community is the public goal, then condominiums help to achieve it.

"Condominiums provide a third alternative in housing—the missing link between home ownership and rental apartments. They served an unfilled market need," said a recent study prepared by the Washington Center for Metropolitan Studies.

In Fairfax and Montgomery counties, for example, the most expensive jurisdictions in the area, it is possible to buy a two-bedroom condominium for as little as $22,000, which is about half the price of the average single-family home.

That may make it possible for the teachers, policemen and other middle-income persons in those counties to achieve the home ownership that would have been beyond them if the condominiums had not been created.

Balanced against those positive factors are the impact on the elderly and the transients and the poor, and on neighborhoods throughout the area that are beginning to feel the effect of the changes.

Two months ago, Elizabeth Shannon, president of the Home and School Association at Ben W. Murch Elementary School, 36th and Davenport Streets NW, wrote to Mayor Walter E. Washington about the conversion of a nearby building on Connecticut Avenue.

She wrote of people being "summarily ejected" from the community, of the blue collar people who lived there and of the elderly. And she added:

"The eviction of the tenants will also cause a school problem. Some 40 children (who live in the building) go to Murch Elementary School. If they are forced to move, we shall probably lose these children. They are a part of our school community. They are of all races, of many different nationalities. Some are foreign born. They bring cultural diversity to the school and add to all the children's educational experience."

Like many others, she warned that the city "is on its way toward becoming a community of the affluent and the very poor," and asked the mayor to "deal with the problem of sharply increased speculation in housing in the District of Columbia and the resultant pitiful human difficulties and dangerous sociological changes."

Citizens' groups and tenants' right activists who oppose condiminium conversions tend to use words like "speculation" and "greed" when talking about the developers. And the developers respond that short-sighted, no-growth policies, imposed by people who already own homes, made the crunch inevitable.

The Virginia legislature has enacted a major new condominium law that provises extensive consumer protection for buyers, attempts to control and slow down conversions, and at the same time allows the builders of new condominiums more flexibility in their planning than they had before.

The Maryland legislature has passed a similar but less sweeping measure, and both the Montgomery and Prince George's County Councils are working on local bills.

In the District, the corporation counsel's office prepared a draft of a proposed condominium control law early this spring and circulated it among builders, lawyers and financial institutions for their comments. A revised proposal is scheduled to go before the City Council for hearings in the near future.

These measures, however, address themselves mostly to holding back conversions and to providing fuller information to prospective buyers. They do not address the long-range implications of the biggest change in this community's way of life since desegregation of the schools two decades ago.

[From the Washington Post, May 27, 1974]

CONDOMINIUMS BRING BIGGER PROFITS

(By Thomas W. Lippmann)

The reason developers in the Washington area are building more and more condominiums and fewer single family homes or rental apartments can be summed up in one word: money.

That also explains why the owners of an ever-increasing number of existing rental apartments are converting them into condominiums for sale.

There are some social considerations underlying the revolutionary change that is taking place in the Washington area's housing market. But what it really comes down to is that developers can get better returns on their capital, with fewer headaches, by going into condominiums than by building the other kinds of housing that have been the traditional mainstays of residential building in this community.

These reasons involve land-use policy in the suburbs, the energy shortage, the high cost of borrowing money, skyrocketing costs of labor and materials, rent control, and the continuing moratorium on sewer line hookups that has reduced construction in the Maryland suburban counties to a fraction of what it otherwise would have been.

Housing industry sources and analysts of housing matters interviewed for these articles agreed that even if any one or a number of those conditions would change, the trend toward condominiums is probably irreversible.

From the point of view of the landlords and builders, the situation in general is this:

At existing apartment buildings where the units are for rent, operating and maintenance costs are going up 20 per cent a year or more, the tenants are organizing to demand better service, housing inspectors are cracking down, and rents either are or soon will be frozen by rent controls. At a return of only 3 or 4 per cent on the investment dollar, it just is not worth it.

For the developer of new housing, construction costs are so high, financing so expensive and land available for building so scarce that any apartments he built would have to have such high rents that few people could afford them.

In addition, the prospects of making the apartment building a satisfactory long-term investment are slim because of the expensive loan to be paid off and the rising costs of operation and maintenance. So why not sell the units at a profit, invest the money in something that pays a higher return, and let the individual owners worry about running the building?

The suspension of most federal housing subsidiaries last year cut off the chief source of funds and guarantees that made it feasible to build rental housing for persons of low and moderate income.

Even such relatively expensive developments as the apartments in Southwest Washington were made economically feasible because the cost of the land was underwritten through the urban renewal process.

Building industry records show that the last multi-family housing development for rental that was built entirely with private capital in the District, aside from a few luxury buildings, was completed in 1968. There are about 2,000 moderately priced rental apartments now in various stages of planning in the city because the federal government made a special exception to the subsidy freeze in an effort to get something built for the 1976 bicentennial celebration, but even that commitment expires June 30.

As for single-family homes, they are still the most desired form of dwelling, but builders say it is almost impossible to put one on the market for less than $45,000 and difficult to persuade lending institutions to make mortgage commitments to prospective buyers. Thus the demand is outstripping the supply, further boosting the upward price spiral.

"Inflation has made the cost of single-family housing prohibitive," said Joseph Horning, president of Horning Bros. Construction Co. and of the Metropolitan Washington Builders' Association. "And on rental

units you just can't make the numbers come out. Nobody is building rental housing—if you do, you have an economic lemon on your hands. The potential renter just isn't there at prices you would have to charge."

If little rental housing is being built in a metropolitan area where demand is steady and the vacancy rate in existing units 2 per cent or less, said a recent report in the trade journal House and Home, "it is obvious that something is drastically wrong with the Washington rental market. The problem is threefold: financing, rent control and moratoriums."

More than 20,000 apartments in the Washington metropolitan area, out of a stock of some 450,000, have been converted to condominiums since the trend began about two years ago. Another 20,000 to 25,000 are expected to go this year, and it is taken for granted in the trade that the owners of tens of thousands more are thinking about it very seriously. Feelers are even being put out for the possible conversion of some small, low-income buildings in parts of the District that builders generally avoid.

"Essentially, it's because of a decision by the landlord that he can't function in this marketplace any more," said John T. O'Neill, who as executive vice president of the Apartment and Office Association is the chief spokesman for the landlords.

"In 1968 we were making 12.5 cents on every rental dollar we collected, on the average. It was down to 5 cents at the end of 1973, and it will probably go down to 3 cents at the end of this year, because all operating costs are going up faster than rents are going up. The investment is no longer attractive. There are any number of other places to put your money that will give you better return with less trouble, if you can get your capital out."

By "less trouble," O'Neill was referring to an escape from tenant activism, tenants' rights cases in the courts and tenant-oriented legislation that has cut down on the landlords' traditional freedom to run their properties the way they want to.

With the cost of fuel and utilities up 50 per cent or more in the past two years, and everything else from light bulbs to janitorial supplies subject to inflation as well, the landlords say they simply cannot make enough profit to justify holding on to their buildings, especially since rent controls—federally or locally imposed—make it impossible to pass on all the increased costs to their tenants.

Rent controls, or the anticipation of rent controls, "have done more to create the condo conversion phenomenon than all the supposed greed of the developers," said William Regardie, a housing analyst who compiles data for the industry. "The majority of people in this business don't want to go into condominiums. Everything you have worked for for years can be wiped out in a project that doesn't go. But you have to do something."

Even when allowable deductions for the depreciation of the building are taken off their tax liabilities, some landlords say, the projects still are more trouble than they are worth.

Tenants' rights groups and public officials sometimes dispute the gloomy financial tale told by the landlords. Whether the situation really is as bad for them as the landlords say is difficult to determine. But the owners themselves seem to believe it.

So they decide to sell. Nobody else, generally, wants to be in the rental business anymore than they do, so the project is unlikely to find a buyer who will keep it as a rental building. For tax reasons, it is not advantageous for the owner to do the conversion himself; he sells to a converter, a developer or syndicate who will come in and buy the building, do the necessary renovations—ranging from mere cosmetics to complete overhauls—and resell the individual units.

"The converter buys wholesale and sells retail," as one lawyer put it.

"Let's say he pays $10,000 to $20,000 a unit depending on age and condition of the building," O'Neill said. "He puts in $3,000 to $5,000 per unit in amenities and improvements. Then he can sell for $5,000 to $15,000 a unit more than he paid.

"When you deduct the salesmen's commissions, the administrative expenses, taxes and everything else, he makes a profit of maybe $2,000 to $5,000 per unit, and he still comes onto the market with a product for sale that is priced maybe $15,000 lower than what it would have cost to build it from scratch. It's cheaper than new construction, and probably better quality too."

After the conversion, of course, the developer is soon out of the picture, except for whatever warranty he may have given the buyers. Unlike the owner of a rental building, he does not have a long-term loan to pay off—the owners of the individual units have the long-term debt—and neither rising maintenance costs nor rent strikes can bother him.

"A typical developer," according to a recent study by the Washington Center for Metropolitan Studies, "expects a 10 to 12 percent return before taxes. To achieve this, he markets his units for at least 100 times" what the monthly rent was before conversion.

That is, an apartment that rented for $200 a month would, by this rule of thumb, be sold for at least $20,000.

"More often," the report said, "the ratio is more than 100: e.g., 153 for smaller units at Montrose Walk; 144 at Grosvenor Park in Montgomery County. The Montrose Walk units rented at $300 to $400 a month prior to conversion and the smaller two-bedroom units are now selling for $46,000."

The other, parallel, condominium boom is in new construction. More than three quarters of all multi-family units now being built in the metropolitan area, and perhaps half of the total of all units of every type, are condominiums.

A decade ago, and through most of the 1960's, industry sources say, more than half of all housing units built in the metropolitan area were single-family homes. Now there is little land left in the District or the close-in suburbs for that kind of development. And in the outer reaches of Montgomery, Prince George's and Fairfax, where there is still plenty of land zoned for single-family home construction, a combination of high land prices, sewer hookup moratoriums, restrictive government policies and shortage of long-term money for prospective buyers has sharply curtailed subdivision building.

The construction of single family homes does go on, though it is decreasing. But the prices of the houses have risen to the point where this kind of development can only serve the housing needs of a small proportion of the population. "The day of the house with the white picket fence is gone," says O'Neill.

When it comes to the construction of apartments, which now dominate the new-home supply line, the choice for the developer is that between building for rent and building for sale.

At the moment almost all of them are building for sale, through condominiums.

One of the reasons is the cost of the construction.

"We used to build good rental housing for $20 a square foot," O'Neill said. "That was five years ago. Today, it's $35 a square foot. It's just not feasible—the population can't afford what you would have to charge. It now costs, all things added in, about $38,000 on the average to build a 1,000 square foot apartment. That means you'd have to rent it for $380 a month."

House and Home, the builders' trade journal, recently ran a long chart showing the current costs of building materials and how they compare to a year ago: five-eighths-inch particleboard subflooring, up to 15.4 per cent; 10 inch-by-16 inch framing girders, up 17.5 per cent; plastic countertops, up 18 per cent; white cedar shingles, up 13.6 per cent, and so on for hundreds of items.

Added to this is the high cost of money. A builder of apartments who is planning to rent them out must take out a long-term loan, which he will pay back over the years from rental income.

The higher the interest rate on that loan, the more rent he will have to charge—assuming he can get that long-term loan in the first place. At the moment, money is scarce and interest rates run at 14 per cent or more for some loans.

But if the builder goes the condominium route, he can get back his construction and land costs through the sale price, and avoid that long-term loan. Before he ever starts work, he obtains a commitment from a lending institution to make mortgages for purchasers when the building is ready. When the buyers take on those mortgages, they assume the long-term debt burden and the developer is free of it.

"By going condominium," said Charles Jay Pilzer, a lawyer who has worked on condominium developments, "you avoid that constant monthly payout that you must exceed in revenues to make a profit over the years. You use the revenue from sales to pay off your construction loan, the developer walks away with his profit. He loses the long-term depreciation tax break, but there's nothing he can do about that."

NEW CONDOMINIUM PROJECTS—DISTRICT OF COLUMBIA METROPOLITAN AREA

Jurisdiction	Low rise/Garden		Medium rise		High rise		Total	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units
District of Columbia	2	166	0	0	3	287	5	453
Alexandria	5	732	2	276	19	5,919	26	6,927
Arlington County	0	0	1	35	4	746	5	7,781
Fairfax County	11	2,474	0	0	1	622	12	3,096
Montgomery County	14	3,047	2	226	3	1,342	19	4,615
Prince Georges County	5	1,687	0	0	1	200	6	1,887
Total	37	8,106	5	537	31	9,116	73	17,759

D.C. Department of Human Resources, MWCOG.

CONDOMINIUM CONVERSION PROJECTS—DISTRICT OF COLUMBIA METROPOLITAN AREA

Jurisdiction	Low rise/garden [1]		Medium rise [2]		High rise [3]		Townhouse		Total	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects	Units
District of Columbia	11	708	8	807	5	1,030	2	326	24	2,871
Alexandria	2	226			3	739	1	25	6	990
Arlington County	5	2,252	2	250	2	159			9	2,661
Fairfax City	2	168					1	72	2	240
Falls Church	2	647							2	647
Fairfax County	6	1,019			2	353	4	673	12	2,045
Prince William County							1	64	1	64
Montgomery County	9	1,143	3	315	7	1,285	24	1,721	41	4,464
Prince George's County	13	3,174	2	306			7	657	22	4,137
Total	50	9,337	15	1,678	19	3,566	41	3,538	122	18,195

[1] Low-rise structures are those having 3 or less floors.
[2] Medium-rise are those having 4 to 7 floors.
[3] High-rise are those having 3 or more floors. For Fairfax City, Montgomery and Prince George's counties, total number of projects enumerated by structure type exceeds total projects for jurisdiction. This resulted from double-counting of projects composed of both garden and townhouse units where differentiation was known.

Source: Washington Post, May 27, 1974 article.

Landlord Cites Shift Reasons

Bill Asher was talking about the reasons why landlords are converting their rental apartments into condominiums. Asher is working on the conversion of one of three huge buildings that comprise Grosvenor Park on Rockville Pike above the Beltway.

Montgomery County, he said, requires a landlord to obtain a license for each apartment unit he operates. Last year the fee was $7 per unit, but this year it is $12. "When you have close to 1,000 units like we have here," he said, "that's $12,000 right off the top that you have to spend."

Worse, he said, the county "uses the money to hire more building inspectors who come around to see if you're complying with the code. They came in here and said we need one-inch throw bolts on the locks, instead of the five-eights of an inch that was put in when this place was built, before the building code was changed."

Because many of Grosvenor Park's apartments have two doors, he said, it would cost perhaps $20,000 to make the change—and because of rent controls the cost could not be passed on to the tenants. This is just one example, he said, of the kinds of pressure that are causing landlords to "get out from under" if they can—by converting to condominiums and putting their capital in some more lucrative, less restricted investment.

[From the N.Y. Times, June 16, 1974]

Few States Protect Condominium Buyers

(By Walter Rugaber)

Washington, June 15.—In all but a handful of states, consumers caught up in the booming condominium market can expect little protection against deception or fraud under the real estate laws.

They must instead depend—despite the special complexities of buying a condominium—on such uncertain factors as constraints of the marketplace or slow-moving individual lawsuits.

New York is one of the exceptions. Under what many consider the strongest law in the country, developers there must make detailed disclosure statements approved in advance by the state Attorney General.

There is some disagreement over the number of states ranking close to New York, but experts in the field generally name fewer than 10. Those most often cited as strict are California, Michigan, Virginia and Hawaii.

In most other places, an authority in New York observed, protection for the buyer is "minimal." It is up to the consumer, a knowledgeable Washington lawyer added, "to know what he's getting into."

The state laws are important because they have been relied upon traditionally in real estate transactions and because the Federal agencies with some jurisdiction have as yet taken almost no regulatory action.

The Department of Housing and Urban Development, which expects half the population to live in condominiums within the next 20 years, hopes the states will beef up the consumer protection provisions of their statutes.

The situation now, according to reports from a dozen randomnly selected states and interviews with national experts on condominium development, is highly uneven and is influenced by a number of special factors.

All 50 states have laws, passed in the early nineteen-sixties when the condominium was still unheard of in the United States, that at least permit the special arrangements needed to set up that kind of dwelling.

The statutes enable people to hold title to a specific cube of space within a larger complex, to be taxed directly on their unit, and to join with others in the ownership of common areas such as swimming pools and elevators.

Condominiums—once primarily vacation or retirement homes but now, after several years of explosive growth, the primary residence for millions of Americans—are popular for several major reasons.

They are usually cheaper than detached homes, and they offer tax advantages over ordinary apartments. Typically they include recreational facilities beyond the reach of ordinary homeowners and mean an end to many maintenance chores.

A lot of co-owners'

But, as one Washington lawyer warned, "Don't forget that when you go into a condominium you pick up a lot of co-owners" in the common areas and that, in effect, "you're joining a sort of mini-government."

For the buyer or even the buyer's attorney to understand the rules he has to understand the state law, and several authorities said this was complicated by the differences that exist from place to place.

A widely known authority in the field, Patrick J. Rohan, suggested in a telephone interview this week that the nation's legislatures need "to get working on a uniform state statute."

"You've got 50 states going off in 50 different directions," said Mr. Rohan, who is a professor of law in Queens. He and others voiced apprehension at direct Federal intervention.

"The Federal Government isn't equipped to handle such a matter as housing," he argued. The market is fragile and prices are climbing "out of sight," he said, adding that Washington would only make matters worse.

"It may well be they'll have to have the threat of Federal regulation to force the states to act," Mr. Rohan remarked. But the Federal Government should at most set standards for state regulations, he added.

Several factors appear to work against tighter controls. Numerous sources mentioned real estate lobbies, which are powerful in most states and are said to oppose regulatory changes almost instinctively.

Pressures of the market

Marketplace pressures cut both ways. The developers commonly argue that shady operators find it difficult to borrow money for their projects, get their work approved by local inspectors, or attract many customers.

At the same time, consumers complain that when the market goes soft important elements such as pools may not be built and units may be turned over to renters who drive down the value of the entire complex.

Some consumers appear willing to rely on traditional remedies such as civil litigation even in states that have added strong protection machinery to their laws. A notable example occurred earlier this year in Michigan.

Robert E. DeMascio, judge of the United States District Court in Detroit, filed suit to break his contract to buy a $52,000 condominium on the 16th floor of an east side building.

The judge charged in a still pending county court action that the developer had so grossly understated the maintenance costs and other expenses of his unit that it amount to a false inducement to buy.

When he made the purchase in February, 1973, Judge DeMascio alleged, he was informed that $155 a month would cover parking, maintenance, and building personnel costs. The charges have hit $234, he complained.

In some states, consumers are said not to complain. An observer in Ohio reported, for example, that while the law there is "not particularly strong" no one had been "raising any significant hell about it."

No complaints in Arizona

William P. Dixon, an assistant Attorney General in charge of consumer protection in Arizona, said he could not remember receiving single complaint involving condominiums in that state.

Herbert N. Goodwin, Assistant Attorney General in Massachusetts, said he knew of no major problems there. But State Senator Jack H. Backman, a Brookline Democrat, sounded an apprehensive note found elsewhere in the nation.

"Condominiums built in Massachusetts so far may have been built by the most ethical real estate people," he said, "but now that condos are becoming a way of life others might step into the field who are not so ethical."

Consumer objections have prompted widespread activity in one area: state and even local legislators have moved to control the conversion of regular apartment buildings into condominiums.

Some measures would require long advance notice before tenants could be required either to purchase their units or to move out, and others would prohibit conversions without the approval of a certain number of occupants.

Proposals to convert the huge Parkmerced apartment complex in San Francisco are covered by general state legislation that would allow local government to bar such changes entirely a Republican sponsor, State Senator Milton Marks, explained:

WEST COAST PROBLEM

"San Francisco has a real housing shortage, and if the Parkmerced owners go ahead on their conversion plans many families unable to afford the purchase price will be tossed out on the street."

Some California officials believe their condominium law is already stronger than New York's. While most experts seem to disagree, the two states regulate sales in much the same way.

David Clurman, an Assistant Attorney General in charge of condominium regulations in New York who is also a recognized authority in the field, said developments within the state must meet various standards.

For example, Mr. Clurman said in a telephone interview, New York rejects long-term lease arrangements under which the builder retains ownership of recreational facilities and charges substantial rent for their use.

Out-of-state projects that are to be sold to New Yorkers through newspaper advertisements, direct mail, or similar means must register with the Attorney General and make full disclosure of their plans, Mr. Clurman said.

But New York does not reject provisions legal under the other state's law, Mr. Clurman added. Thus, long-term leases, popular in Florida may be imposed on condominiums sold in New York so long as they are disclosed.

The prospectuses are highly detailed. Mr. Clurman cited one covering a Westchester County project, Edgemont at Tarrytown condominium. Buyers are presented with a 243-page document containing elaborate maps and diagrams.

In addition to legal documents and financial data, the prospectus explains that each unit will contain a "built-in automatic dishwasher, Westinghouse Model SU 400 P," and that lights outside front doors will have 60-watt bulbs.

Builders who depart from the state-approved plan, Mr. Clurman said, can be charged with a misdemeanor under the law. More often, he added, the state "negotiates" for full compliance.

The situation is substantially different in Florida, where condominiums first became popular and in which an estimated 600,000 people now live. Consumer complaints have been persistent there.

The state Legislature, in an extensive revision of the law, recently provided for more disclosure but left out of the statute, as one observer put it, "the most important thing—an agency to enforce it."

"It was no great revolution," said Rod Tennyson, the Assistant Attorney General for consumer affairs in Florida. "You're going to get a big book of documents, but I don't know if you're going to know much more."

While builders insist heatedly that the new law is uncommonly strict, Mr. Tennyson said, he may report to the state's "Little F.T.C. Act," which prohibits unfair trade practices, to move against unethical operations.

The law is certainly more stringent in Florida than in most states. In Connecticut, for example, there is no consumer protection machinery, and efforts to provide some have failed regularly over the last four years.

James F. Carey, executive director of the state Real Estate Commission, said he has pressed unsuccessfully for legislation requiring full disclosure and severe penalties for misrepresentation.

Most builders contend the present statute is adequate, and there are complaints of unfulfilled promises, he said, but the state can do nothing.

[From the Washington Star-News, Oct. 7, 1973]

WHY FURTHER LEGISLATION RELATED TO CONDOMINIUMS IS NEEDED ON THE NATIONAL LEVEL

(By Miriam Ottenberg)

An 82-year-old widow thought she had been assured that she could live out her days in her apartment at 2500 Q St. NW. Now she's not going to be able to.

Three elderly sisters had begun making their home at The Dresden, 2126 Connecticut Ave. NW, some 42 years ago. With no advance warning, they were given a month to get out.

A retired government employe, aged 75, was confident his pension and savings would be enough for him and his wife to keep their apartment at The Greenbriar, 4301 Massachusetts Ave. NW. But he's been notified that his gross monthly income has to be four times the monthly payments for his apartment and he can't make that.

These and hundreds of other older people have been victims of the conversion of their apartment homes into condominiums.

Real estate developers and their sales organizations tell you they're sorry about it. They didn't realize, they say, how many older people lived in these buildings until they bought them and some are genuinely trying to help the residents who have to get out of their homes.

But this is business. Just since the first of the year, close to a dozen venerable but luxurious apartment houses and developments of more recent vintage in the District have either gone condominium or are in the process. More are contemplated as soon as mortgage money becomes available again so buyers of condominium units can get financing.

Perhaps not so venerable but equally substantial apartments in nearby Maryland and Virginia also are being sold condominium as long-time owners sell out, new developers move in for a hoped-for swift profit and old tenants either become owners—however reluctantly—or try to find a new place to live.

Most of the developers have some ties with the communities where they're converting older apartments into condominiums but it was learned the investors behind one coversion are in West Germany.

The Star-News surveyed tenants of five older apartments now converting to condominiums. They included residents of the Carlyn (better known as 2500 Q St. NW), The Greenbriar, The Marlyn at 100 39th St. NW, the Dresden and the Woodley Park Towers, 2737 Devonshire Place NW.

Also made available were the results of a questionnaire put out by the Retired Professional Action Group, a Nader operation, at two locations.

Both surveys indicated that even tenants buying their old homes as condominium units are a lot less enthusiastic than the developers who sell them. Here are some of the findings:

Although developers deny it, tenants feel they are being rushed to make a decision—buy or get out. Even people who are allowed to stay on for months after they decide against buying know they must find another place as soon as possible. As one woman tenant explained: "I don't want to get a notice on Christmas Eve."

Some tenants contemplating purchase of a condominium unit say they don't have enough information to make an intelligent decisions before they have to decide one way or the other.

And when they start asking questions, they sometimes find themselves confronted by salespersons so inexperienced that tenants comparing notes discover they all got different—and conflicting—information.

When they try to find out how much they'll have to pay toward principal and interest, toward maintenance and toward taxes, they find their monthly payments often twice as much as the rent they're paying now. Typical examples:

An apartment renting for $237 a month will require monthly payments of $523. One renting for $335 is going for $650 but one renting for $453 has a bargain tag of $784 a month.

What older people are not told until they go through the painful business of filling out all the forms to get a mortgage on their apartment home is that many lenders have some hard and fast rules about age and income.

Earlier, they're just told they have to "qualify" for a loan but since the developer has made much of the fact he's offering a "loan package" they're inclined to assume they'll get the loan.

They don't know until their loan is rejected that their gross monthly income must be at least four times the monthly payments.

Age is almost always a factor. The Star-News survey found some lenders use 80 as their key figure. If a man is 50, he can get a 30 years loan; if he's 60, he can get a 20 year loan; and over 70, forget it.

A local bank said it had made some loans to condominium buyers in their 70s but the developer of that condominium said he had to guarantee the loans. He suggested that other developers should help other older and financially fit people get financing to buy their condominiums but so far none has shown much interest in the helping older tenants get mortgages.

Some oldsters are being helped by sons and daughters who figure to move in when their parents die.

Actually, most of the older people interviewed weren't interested in buying. They said they'd gone into apartments to escape the legal complications and encumberances of homes. Why should they start that business all over again.

Others, thought a lot of others knew they couldn't afford to get involved—not with their fixed retirement income. Typical of them was a veteran of two wars who said all he had was his pension and Social Security, not enough to buy a luxury apartment, although he had lived there for years paying rent.

Developers and their salesmen stress the equity tenants can get if they buy rather than rent, but the older and wiser retort that the bulk of what they'll be paying for the first dozen years is interest and it's only later that the equity builds.

And when the developers point out the tax shelter awaiting the condominium buyer, the older tenants retort they just want shelter. The size of their income doesn't prompt them to go out looking for ways to reduce their taxes.

A number of the tenants feared they would be buying a pig in a poke, as they put it. They were afraid of future assessments when the aging furnace broke down or the roof sprung a leak.

At more than one site of apartment conversion, tenants said the maintenance had been so bad in recent years that they were sure the developers would have to spend a lot of money replacing worn out equipment and if the repairs were "cosmetic" rather than basic, they could visualize the new tenant-owners with large future bills to share.

Tenants facing what amounts to eviction (although a landlord can ask anybody to leave on a month's notice where he has no lease) tend to focus their bitterness on the owner who sold to the developer. They feel betrayed.

Added to their feeling of betrayal is bewilderment as they discover the rents they'll have to pay when they move. Several of them told The Star-News, however, that they

would have been willing to pay more rent if they had only been able to stay in their old home.

But rent is one thing and monthly mortgage, maintenance and tax charges something far different. Now some developers are beginning to say their colleagues are "getting a little greedy" and charging too much per square foot of apartment space.

Young people are caught in the condominium squeeze, too, because their gross income doesn't meet mortgage requirements but it's the old people crying for the protection they're not getting.

In the wake of each conversion come stories of old people dying from the strain of trying to change their way of life at a late date.

One husband and wife both wound up in the hospital two days after they moved. A man had a heart attack and a woman was so worn out from the strain of packing and storing and looking for a place that she fell down and broke her hip.

So many tenants cast off from their longtime moorings at the Woodley Park Towers moved to the Highland House in nearby Maryland that a whole floor has been called the Woodley Park Towers floor.

A Highland House employe said the prospective tenants were so distraught when they first went apartment hunting there that they didn't know what kind of apartment they wanted nor what questions to ask about facilities.

They were luckier than some oldsters now having much trouble trying to find apartments they can afford. Their move is not only from spacious, high-ceilinged apartments, complete with dining rooms, balconies and patios into lower-ceilinged apartments with smaller living rooms and no dining rooms or outdoor space. Often it's also a move from two bedrooms to one bedroom or from one bedroom to an efficiency at more than their previous rent.

Added to the agony of leaving memory-filled homes and to the cost of moving which they hadn't figured in their carefully structured budgets is the fear of having to move again.

That's the fear stalking older people on fixed incomes in the Massachusetts and Connecticut Avenue corridors—even though letters from managements assure them no sale of their building is contemplated—"unless times, conditions or circumstances dictate differently," as one letter said.

Tenants are beginning to become aware of what is known as the "condominimum clause" in some of their leases. That clause says if a building goes condominium the lease can be terminated after tenants are given 30 days to decide if they want to buy their apartment home.

And if they don't want to buy, they join the ranks of Washington's other displaced elders.

[From the Washington Post, March 28, 1974]

PLANNED CONDOMINIUMS TOO EXPENSIVE—EVICTIONS FROM APARTMENTS PROTESTED

(By Thomas W. Lippman)

The same abrupt message that is changing the lives of tens of thousands of residents of the Washington area was delivered last week to the tenants of Cathedral Mansions North: buy your apartment or leave.

A group of young investors has bought the 51-year-old apartment building across Connecticut Avenue from the National Zoo and joined the accelerating trend to condominium conversion. After extensive modernization and renovation, the 182 apartments will be taken out of the rental market and offered for sale.

About 18,000 former rental units in the Washington area have already been converted into condominiums, according to recent studies, and the total may go as high as 100,000, reducing the already limited supply of rental housing at the same time as it increases the demand for it.

Efficiencies at Cathedral Mansions North will sell for about $20,000, two-bedroom units for about $40,000. That is not expensive, in comparison with other Washington condominiums, where prices range up to $125,000, but for many of the building's current occupants, it is out of the question.

As the Washington area's supply of moderately priced rental housing continues to dwindle, Cathedral Mansions North has been a haven for some 350 tenants, many from Latin America, despite its outdated plumbing and wiring and its balky heating system.

Something of a bargain with its large rooms, moderate rents and choice location, it attracted low-income working families, pensioners and aspiring immigrants. The homelands of tenants range from Ceylon to Ecuador.

All have been told by the new owner, Park-Cleveland, Inc., that they will "have an opportunity to share in the ownership of this valuable location." Unlike other buildings along Connecticut and Massachusetts Avenues, where the condominium trend is well advanced, Cathedral Mansions North is filled with tenants who are already at the limit of their financial means.

They are about to be put into the already tight market for that rare commodity in Washington, modestly priced rental housing.

About 20 tenants went to the District Building yesterday to seek the help of Sterling Tucker, chairman of the D.C. City Council's housing committee.

Among them were Ernesto Herrera, a warehouse worker who has been on strike for a month, who said he supports his family of three on a take-home pay of about $85 a week; his wife, who just took a job in the neighborhood; Carmen Dilone, a widow from the Dominican Republic who makes $88 a week at the Shoreham Hotel and only four months ago saved enough to bring her four children to join her; a man in a wheelchair; a retired engineer on a fixed income; and a young woman with a child who said she is supporting herself and going to college on $209 a month.

"Listen to us, help us prevent this from happening," Carmen Carrera asked Tucker. She said it was "difficult to move" because of the "general housing shortage."

Tucker asked assistant corporation counsel Louis P. Robbins whether anything could be done "under existing regulations." Robbins replied that "we are working on regulations to soften or minimize the impact" of condominium conversions, but "we don't believe the city government has the power to stop it."

Tucker dispatched a member of his staff to meet with the building's new owners "to see if we can't slow down the whole process" of eviction, and said he hoped to have a new law that would give tenants some protection by late spring. He said the legislation "will probably be inadequate," and that "this problem is going to spread across the whole city."

Housing experts have predicted that perhaps 20 per cent of the half million apartments in the Washington area will be converted into condominiums, and condominiums predominate among apartments now being built.

A recent report by the metropolitan area Council of Governments said that 17,811 former rental units are already in the conversion process, of which more than half were moderately priced garden type apartments.

He said he could not give the purchase price of the building because it was part of a package of properties included in a single sale, but gave a renovation cost estimate of "at least $1 million."

The property was valued by city assessors two years ago at about $2 million. If the apartments are sold at an average price of $30,000 each, the return would be about $5.5 million.

No figures are available on how many former renters have decided to buy their apartments or had the means to do so.

One of Cathedral Mansions North's new owners, John Fitzgerald, 26, a native of Cuba, said in an interview yesterday that "the conditions in this building are deplorable. What we're going to do is not redecorating but a complete engineering job, new kitchens and bathrooms, air conditioning, complete plumbing and rewiring."

He said those renters were essential if the building was to remain habitable, and would "double the rents even if we kept it as a rental property so many of these people would have to move anyway."

He said the building was "not going to be outrageous, not luxury," and that many tenants who had talked to him said they were planning to buy their apartments. He said the owners would do everything they could to help the others move, and would grant extra time to persons with special problems, but "that's all we can do."

He said an efficiency apartment that now rents for $127 a month could be purchased for a $1,000 down payment and a monthly charge of about $200, including 8 per cent interest. "Nobody denies you're going to pay more, but you're paying yourself, not the landlord," he said.

EVICTION NOTICES ADD NEW BURDEN TO TROUBLED LIVES

(By Joseph D. Whitaker)

For five years, Carmen Dilone, 47, worked eight hours a day, five days a week as a domestic and dishwasher to save the money to bring her four children from Santo Domingo to a higher standard of living and a new home—a crowded two-bedroom apartment in Northwest Washington.

The family, which had lived in abject poverty in the Caribbean, for the first time was able to eat regular meals, buy essential clothing, and purchase a color television set, an inexpensive model with hazy, unfocused images.

By frugally spending the $320 a month she takes home as a dishwasher and $360 a month two of her children receive for enrollment in a government-sponsored English course, Mrs. Dilone is able to stay one jump ahead of such things as welfare, Medicaid and the pity of the middle-class.

The family budget, which Mrs. Dilone said is gradually being eroded by the rising costs of food and clothing, is quickly whittled away by monthly expenses, leaving little for recreation and none for savings.

Mrs. Dilone, now must move out of her apartment by June 1 so that the building can be converted to condominiums. She said she is afraid that the probable higher rent of her next apartment will throw the family budget out of kilter and push the family on to the welfare rolls.

Beginning with approximately $680 each month in family income, money is spent as follows: the $165 for rent; $200 for groceries; $120 for transportation by city bus; $19 a month for family life insurance; $30 a month payment on a television and portable air conditioner; $40 for laundry and dry cleaning.

In addition, about $30 a month is spent for medicine and toiletries. That leave $76, which is divided between unexpected household expenses and Mrs. Dilone's mother, who still lives in Santo Domingo.

Mrs. Dilone, her two daughters, Xiomara, 13, and Hilda, 22, and two sons Carlos, 18, and Antonio, 15, live on a diet consisting largely of combinations of chicken, beans and rice, served with soft drinks.

The two small bedrooms are furnished with

several cot-style beds, dressers and not much else. The tiny living room, also sparsely furnished, is where the family crowds at night to watch television or listen to a small record player.

Mrs. Dilone said the family used to go out to Spanish-language movies until such outings became too expensive. Now she says the television is the family's main source of entertainment.

On the floor above Mrs. Dilone, Ernest Herrera, his wife and their 10-year-old son are down to $1.05 in food stamps, some breaded shrimp, a sandwich steak and a half jar of peanut butter and a few other groceries.

Herrera, a warehouseman on strike against the Peoples drug stores, doesn't know where his food will come from after that. Until the strike, Herrera was earning $114 a week at the warehouse. After paying $160 a month for rent, he was left with $296 to buy food and pay the family bills.

Herrera said he has had no success in finding another apartment for $160 a month. He also has had no success in locating a new job. He said that because he is a Mexican-American and because he is overweight at 320 pounds, employers so far have rejected him.

"I really don't know what they (the landlord) expects us to do. They know we can't afford to live anywhere else," Herrera said, "If they were to put us out today where could we go live—under the Calvert Street bridge? Or maybe they expect us to go live on a reservation like the Indians."

[From the Washington Post, May 28, 1974]

PITFALLS FACE THE CONDOMINIUM BUYER

(By Thomas W. Lippman)

The purchase and operation of a condominimum dwelling can be a confusing, dismaying process that brings unpleasant surprises, disillusionment and financial setbacks.

From the time the prospective buyer is confronted by the salesman's glossy brochures or the bulky book of "condominium documents" filled with legal language, he is treading a hazardous path.

He may find after purchase that his monthly payment is greater than he was told it would be, or that a recreational facility promised by the developer was never built, or that the bylaws of his project won't permit him to play his trombone, or that the cosmetic renovation of an old building failed to deal with a balky boiler, to the repair of which he must now contribute. And if he doesn't like what he bought, he cannot just move out—he is the owner.

In the Washington area, the condominium industry has avoided the outright scandals that have beset it in other communities. Many buyers interviewed at random in the preparation of these articles said they were satisfied with their homes and had gotten pretty much what they expected.

But even those who have the most to gain from the condominium boom, the people who build and sell them for a living, acknowledge freely that consumer ignorance and developer inexperience with a new form of housing have created a wide variety of problems.

Builders, realtors, lawyers and independent housing experts stressed the need for consumer caution, for the prospective buyer to know whom he is dealing with and what he is getting himself into. They also said that the average buyer may need his own professional assistance in evaluating the condominium where he is contemplating a purchase, because the whole procedure is vastly more complex than buying a single-family home.

A condominium study committee that reported on the issue to the Virginia General Assembly found a consensus that "a higher degree of consumer protection will be of great benefit, not only to the buyers of condominium units but also to developers, realtors and lending institutions. Without adequate purchaser protection, the unscrupulous practices of a few can create a negative image affecting the whole condominium concept. That has been the unfortunate experience of a few of our sister states."

"When you buy one," said John Donovan, a condominium salesman for a Chevy Chase realty firm, "you're putting in a lot of money and you need to know what you're doing."

"I don't know of any one case where the sales force made large-scale misrepresentations or there was any large-scale fraud," said Devin J. Doolan, a Montgomery County legislator who as a lawyer has represented both developers and purchasers of condominiums. "If you added up all the problems I've had, they wouldn't make a hell of a story." But for any one individual, he said, to whom the purchase of a home represents his biggest single expenditure, the small problems he encounters can affect his entire investment.

Doolan represented a group of buyers of condominiums at a development called Sumner Court in Bethesda. Unwilling to accept the developer's assurances that a promised swimming pool would be built, they persuaded him to create a $30,000 escrow account as a guarantee. The pool still has not been built, but the buyers' investment is at least protected by the existence of that fund.

This episode shows why there was general agreement among all those interviewed on their advice to a condominium buyer:

Check the reputation of the developer and the credentials of his partners before signing anything, and then take none of his assurances at face value. There are pitfalls built into the whole concept of condominiums as they never were in single-family houses or rental apartments.

The ownership of a single apartment in a high-rise building and of a share of the parking lot and recreation facilities around it, for example, creates a kind of interdependence with one's neighbors and reliance on the judgments of others that can be troublesome.

The basic advantages of condominium living are generally undisputed ownership of property, tax deductions, relative freedom from maintenance, buildup of equity, and access to communal facilities that would be too expensive for the individual home owner, like swimming pools or tennis courts.

Making sure any particular project will deliver on these promises is another matter. Realtors, industry spokesmen, lawyers and consumer advisers agreed on a long list of points a buyer should examine especially if he is buying an apartment in a multifamily building rather than a townhouse.

A condominium buyer acquires title to his own apartment and to a share of whatever adjacent ground and facilities the developer chooses to include in the deal. These may or may not include the recreational areas, laundry rooms and parking garage—it is not unusual for the developer to retain title to these and lease them out to the owners of the apartments, and the buyer should find out beforehand what he is getting. At one expensive building in Washington, it costs an extra $3,000 to buy a parking space.

The buyer also gets a complex set of papers that determine how the project is going to be run—papers that are drawn up by the developer, his financing agent and his lawyer, and which can contain dozens of surprises couched in the impenetrable legal language of deeds and contracts.

At the Coronado apartments in Adelphi, for example, the sales contract contained a provision that the buyer give back to the developer an irrevocable proxy to cast his vote in the condominium's governing body for three years. That means the developer not the owners, decides who gets the management contract and what the bylaws will be.

The bylaws in turn control—sometimes in very restrictive ways—what the owner of an individual apartment can do with it and what he cannot. At Sumner Court in Bethesda, for example, they forbid the operation of a washing machine or dryer. At Town Square Towers in Southwest Washington, they prohibit putting melon rinds or onion skin into the garbage disposals. The bylaws also determine the condominium's policy on such issues as pets, noise, and trash disposal, and on more important matters such as whom an owner can rent his unit to and under what circumstances, or what happens if some units are damaged by fire.

"Some of these regimes are down right dictatorial. You can't even sneeze without permission," said Richard Arkin, president of the owners' association at Autumn Walk condominium near Olney.

In theory, the bylaws can be amended by a vote of the owners, but in fact the developer usually retains control of his project for at least the first several years, either by the proxy system or some other provision of the sales contract. Either way, the individual buyer is bound by the bylaws and needs to understand them beforehand to make sure he can live with them after he buys.

Although condominium ownership is promoted as the equivalent of home ownership, there are other ways in which the freedom of living in a single-family home is curtailed in a condominium. Some are obvious: an apartment cannot be expanded by adding a room; loud music late at night would disturb the neighbors. But some are less obvious and could affect the buyer's finances.

For example, if a commonly held area of a project, such as the roof, needs repairs, the individual owner of an apartment cannot save money by doing it himself, or by calling in his brother-in-law to do the job cheaply, as the owner of a single-family house might.

Nor can he simply postpone the job—it is the owner's association, or the developer, who makes these decisions, and if they cost more money than the association has on hand they can result in assessments against the owners. Furthermore, the very process by which these decisions are made—the meetings and decision—involves the * * * and energy that may be in short supply for an owner with a busy schedule.

Repair problems are potentially the most troublesome, experts say, in an old building that is being converted from rental to ownership. Many old buildings, especially in the District, have the advantages of old-fashioned hardwood floors, high ceilings and big rooms. But they also have old pipes, old roofs, old heating systems and old elevators—conditions that may or may not be rectified during the renovation work that precedes the sale of the units.

"You can't go around and kick the tires on a highrise building," says Del. Ira Lechner of Arlington, who steered Virginia's new condominium control law to passage in the General Assembly. "You can't do the kind of inspection you do on an individual house to know what repairs to anticipate."

Some conversions seem to work better than others. At 4100 Cathedral Ave. NW in Washington, a luxury building with some apartments costing more than $100,000, the thorniest problem confronting the owners at a recent meeting was whether to turn off the outside fountain as an energy conservation measure, according to an owner who said the building is "beautifully run."

At the giant Fairlington South project in Arlington, residents say they are struggling with chronically flooded basements that apparently resulted from the conversion work. At the Coronado in Adelphi, the owners commissioned their own engineer's report after

they had bought and learned of defects in many of the buildings' vital systems.

A recent study by Nancy Jane Cohen of the Washington Center for Metropolitan Studies said that "some inspectors hired by prospective buyers have insisted that most rehabilitation is cosmetic, and that costly maintenance will be inevitable on many buildings in the near future. They cite plumbing, bad roofs, and crumbling bricks as the main problem with older condominiums."

The report also referred to what it described as "elusive engineering and structural reports. While developers claim that adequate information on the condition of the buildings is always made available, some buyers dispute that contention. Many may not know enough to ask for the information, or to understand the technical data if offered."

Legislation already enacted in Virginia and pending in the Maryland suburbs would require that prospective condominum purchasers be provided with full engineering reports and estimates of the useful life of appliances and equipment.

The financing arrangements are usually considered one of the most persuasive selling points for condominiums.

Instead of rent, which an occupant can pay indefinitely at ever-rising rates and have nothing at the end, the condominium dweller buys his apartment, often at modest prices and low down payment. Like any other home buyer, he deducts his real estate taxes and his mortgage interest payments from his taxable income. He protects himself against inflation by stabilizing his monthly mortgage payment, and he builds equity in his property by paying off his loan as the value increases.

In addition to his mortgage and interest the buyer of a condominium pays a monthly fee, ranging from about $15 to more than $100, that covers the maintenance of commonly held property, security services, cleaning the swimming pool and other expenses of the building. This is not tax deductible and will increase if the costs of these services go up over the years. The resident may give up swimming, but he still has to pay his share of keeping the pool ready.

Condominium experts warn that sales personnel sometimes underestimate this monthly fee, or the figure for anticipated real estate taxes.

Frank Morris, a young lawyer who is on the board of directors of a converted project in Arlington, said that "if you had done any shopping around you would have known that the estimate here was a bit low. For my two-bedroom unit it just went up $19 a month. I would generally say as a caveat that the fee is 20 per cent higher than stated."

The report of the Washington Center for Metropolitan Studies said that "inaccurate maintenance estimates at the time of purchase, known as 'low balling' in the trade, mean an unrealistic beginning. One town house complex in Montgomery County began with a $16 maintenance fee, now tripled. This usually means no reserve for contingencies has been included."

For the buyer who has budgeted his purchase to the last dollar, an unexpected rise in the monthly fee could cause family hardship. "We raised our fee $3 a month," said Arkin of Autumn Walk, "and you would have thought it was $300 to hear the squawking."

Analysts familiar with condominium financing warn that other aspects of the financing arrangements must also be questioned before purchase.

Persons whose income is high enough to afford a low-priced condominium but not high enough to warrant itemized deductions on their income tax returns, for example, may not gain the tax advantages they are promised. Syndicated money-management columnist Sylvia Porter recently warned condominium shoppers to make an independent inquiry into the estimated real estate taxes as well as the monthly maintenance fee.

Here are sample financing plans for one-bedroom apartments as given in the promotional materials for two condominium developments:

At Grosvenor Park, a high-rise conversion on Rockville Pike near the Beltway: purchase price, $37,100; down payment of 5 per cent, $1,900; mortgage of $35,200 at 8 per cent interest for 30 years; monthly payment $258.29; real estate taxes, $64 a month; condominium costs including utilities, $114.50 a month. Added to that is the premium that the buyer pays to an insurance company for insuring that part of the mortgage over 80 per cent of the purchase price.

The total required monthly outlay, including the insurance premium, comes to about $450, but sales literature gives an estimated "net monthly cost" after tax deductions, for a person in the 30 per cent tax bracket, of $347.78. Financial experts caution against calculating a family's monthly budget on the basis of the lower figure, because it is actually the higher amount that must be paid out each month and the tax savings come back only once a year.

At Watergate at Landmark, a lavish project of four high-rise buildings and extensive recreation facilities under construction near the Landmark Shopping Center in Alexandria: purchase price, $34,400; down payment, 10 per cent, $3,440; mortgage of $30,960 at 8½ per cent for 30 years, monthly payment $238; estimated real estate taxes $57 a month; condominimum fee including utilities and all recreational facilities except indoor tennis, $70, for a total monthly payment of $365. The interest rate on the mortgage is a guess—it will be at the prevailing rate at time of settlement, more than a year from now.

The sales brochure estimates tax savings from this package for a person in the 30 per cent income tax bracket at $102 a month and "appreciation" at a 5 per cent annual rate, or $143 a month, to arrive at a "net real cost of ownership" of $120 a month.

Whether condominimum apartments do in fact appreciate in value, and if so at what rate, is a matter of disagreement in the industry. Bruce Steele, a housing analyst for the Metropolitan Council of Governments, calls it the "great unknown" of the condominium business.

In the first place, the developer who sells the apartments originally can offer his buyers assurances of mortgages at the prevailing rate, because before he puts his development on the market he obtains a commitment from a lender to make those mortgages available.

Officials in the savings and loan business, the chief source of home mortgages, say that in periods of tight money, as at present, it may be very difficult for the would-be buyer of an individual resale unit to obtain financing. Whatever the paper value of the seller's unit, he cannot turn it into cash if his prospective buyer cannot obtain a mortgage.

Another potential problem is the resale of a unit in a project that has not been a big success, where the original developer still has units on the market with lower prices and assured financing. This has happened at Wilson Bridge, a well-kept, nicely landscaped but slow-selling project in Oxon Hill. "We want to sell, but it doesn't look like we're going to make any money because the developer still has plenty of units for sale at his price," a young woman there said.

G. V. (Mike) Brenneman, president of Brenneman Associates, a real estate firm that deals in resales of condominiums, said that the seller of a condominium is in a "slightly less advantageous position" than the seller of a single-family home because it is more difficult for his prospective buyers to obtain financing.

Other than that, he said, "we feel there is no reason, assuming that the condominium is a good one, to doubt that appreciation should be pretty much the same as in single family units. We have figures to show that some have been astounding—generally the higher priced units and those that are close in are the most successful. I tend to draw a line of demarcation at the Beltway."

Two other potential sources of financial difficulty for the prospective buyer are a delay by the developer in going to settlement and a recent ruling by the Internal Revenue Service that the condominium owners' associations are not tax-exempt.

Housing industry sources say that most lending institutions will not actually put up the money for the buyers in a project to take title to their units until a fixed percentage of the units—usually half or more—have been contracted for sale.

This can mean a lapse between the time the first purchasers put up their deposits, and perhaps even move in on a rental basis, and the time they can begin building up equity and claiming tax deductions. Until a purchaser obtains his mortgage and goes to settlement with the developer, he is not the owner of the unit.

As for the IRS ruling, its potential impact was described by the Community Associations Institute in a recent statement as "a severe blow to the future growth and development of such organizations."

IRS ruled, in effect, that if the owners' association takes in more money than it spends, perhaps in an attempt to build up a contingency fund for unexpected repairs, surplus of income over expenditures is subject to income taxes. According to a recent article in the housing industry trade journal "House and Home," this "could cost residents of condominiums and planned unit developments millions of dollars in extra assessments for maintenance of their common areas."

The new Virginia condominium control law, which takes effect July 1, and similar but less comprehensive measures now being considered by the county councils in Prince Georges and Montgomery, put emphasis on full disclosure to buyers of a condominium's real economic picture, and limit the time during which developers can continue to run their projects. Except in Prince Georges, the bills also require builders' warranties on structures and appliances. But none of the condominiums now on the market is covered by these laws.

[From the Washington Post, May 5, 1974]

FOUR GROUPS OF BUYERS SEEK CONDOMINIUM HOMES

(By Thomas W. Lippman)

John Donovan sells condominiums for a living, and believes in them. But he also says that they aren't for everybody.

Like many other experts in the development and marketing of condominiums, Donovan, a condominium sales specialist with the Chevy Chase realty firm of Burr, Mooris & Pardoe, says that four "classes of buyers" provide the strongest demand for condominium housing and are most likely to be satisfied with it:

Young married couples, with incomes in the $15,000 to $22,000 range. "They need a little tax write-off, but they can't buy that starter home in American University Park that would have cost them $32,000 a few years ago. That house costs $65,000 now," Donovan said. "These young people don't have a big down payment, they know the condo comes with a pool or tennis court, and they're looking for a little appreciation of their investment."

Single people. "They're leaping in, buying one-bedrooms or efficiencies; they get something that belongs to them and some pro-

tection against taxes and inflation. "They're being taxed even worse than the young marrieds."

Middle-aged and older couples whose children have grown up and moved away. These people are known in the trade as "empty-nesters." For them, Donovan says, "that big house is an albatross, they want a secure safe existence with people around them, and the knowledge that they'll never get eviction notices or rents that will go beyond their budgets."

Busy professional people, the "movers and shakers," who want luxury, prestige addresses and no time-consuming maintenance problems.

LEGISLATIVE ALTERNATIVES

[From the Washington Star-News, Oct. 9, 1973]

CONDOMINIUM VICTIMS ASK LEGAL CURBS

(By Miriam Ottenberg)

The District has had a law on the books for 10 years permitting condominium development, but no rules were ever written to protect consumers who get involved—often reluctantly—with this kind of housing.

Older people being forced from their homes by conversion of their apartments into condominiums keep saying there ought to be a law. District officials admit the law they've got doesn't help displaced apartment dwellers at all.

In fact, it doesn't help the would-be buyers of condominium units much either.

The city's present law doesn't set up or assign any agency to oversee the operation of condominiums, beyond the District surveyor's office measuring apartment units for tax purposes.

It doesn't require condominium developers to disclose key facts about their developments such as how long the developer expects to keep control. In the case of older buildings being converted to condominiums, it has no requirement that professional engineers state the life expectancy of the heating system or the elevators or the roof.

In fact, the 10-year-old law doesn't go into conversions at all—the type of condominiums now threatening the older people.

And the 1963 law doesn't require developers to give ousted tenants adequate notice their home is going condominium or adequate time to find other rental housing in a shrinking rental market.

The District, it was learned, is belatedly trying to write some regulations—at the express request of District Surveyor W. R. Compton, who was surprised to find no regulations to carry out the condominium law when he became a surveyor.

So far, the proposed District regulations being drafted by the Corporation Counsel's office have nothing in them to help consumers, particularly older tenants being forced out.

All District departments—from General Services to Economic Development—were asked for comment. So were the District bar and the Washington Board of Realtors, but no consumer organizations were asked to say what they think of the proposed regulations or where they fall short.

The spurt of condominiums here—particularly conversion of older apartment houses—has prompted one positive move in behalf of consumers. James G. Banks, assistant to the mayor for housing programs, has asked the Washington Center for Metropolitan Studies to investigate the report on the impact of conversions on older people who have to get out as well as new purchasers who move in.

"We're going to find out if it's possible to control evictions under present law or under new legislation," Banks said. "We're also concerned about the danger that new purchasers of these converted apartments will be left holding the bag."

Although nobody around the District Building is talking about it with any enthusiasm, there's always the possibility of adopting the New York law that gives some protection to apartment dwellers who want to keep their homes.

Under this law, 35 percent of the tenants must agree to go condominium before the developer can start selling apartments and forcing out those who don't want to buy. The New York Attorney General's Office is talking about raising tenant approval to 51 percent of the tenants.

There are some obstacles, however, to importing the New York law and making it work here, according to New York officials. The District doesn't have rent control as New York does, so an apartment owner who wants out could simply raise the rents until tenants who didn't want to go condominium couldn't afford to pay the rent and would have to leave.

Unscrupulous landlords, it was learned, also have cut off elevator service, trash collection and hot water to get rid of tenants who didn't want to go condominium.

A good enforcement staff, however, could get rid of shenanigans like that, it was argued.

A member of the Baltimore City Council—aware of older people caught in the condominium squeeze—wants the council to pass legislation requiring 35 percent of the tenants to agree before a developer could go condominium.

Baltimore Councilman Allen B. Spector said that under his bill a lot of older people would not be forced to buy or move out.

Unlike the District, Maryland has rent control, which makes this type of law more operable.

Maryland Atty. Gen. Francis Burch has taken one step to protect condominium buyers by requiring that condominium sales can only be made by licensed real estate men, but his assistants are trying to draft a law to assure some protection for people who don't want to buy condominium units.

Meanwhile, Prince Georges County Executive William Gullet wants action now by the county council. He said the surge of conversions of old apartments into condominiums has brought a "pressing need to protect not only apartment tenants caught in the middle but also prospective purchasers."

He has asked John H. McAllister, executive director of the county's Landlord-Tenant Commission, to review the regulations he proposed and come up with amendments. The commission is empowered to adopt whatever regulations are necessary to carry out its basic landlord-tenant legislation.

Under the proposals, the key one for older tenants is a 90-day option to purchase before being forced to move out. Gullet said he had heard of people forced out in 30 days.

For potential condominium buyers, the most important regulation would be one requiring that they be given a certificate from a licensed engineer detailing the present condition and expected useful life of all "common elements" of the building before they buy.

Developers also would have to provide purchasers with a projected budget analysis showing a full maintenance cycle for the property.

Most of those provisions were drawn from the condominium proposal of Arlington County's Tenant-Landlord Commission, whose chairman, Ira M. Lechner, said the commission wanted to give prospective purchasers a real idea of what they're buying when buildings are converted to condominiums.

Asked what he thinks of the New York law requiring a percentage of tenants to agree before a building can go condominium, Lechner said it wouldn't work without rent control but he added:

"I suspect if we develop a condominium crisis, we will have to look into and try to adopt this. If they triple the number of condominiums in the next three years, we are going to see a rental squeeze like we've never seen before."

As for the proposals he wants adopted now, he said the local planning commission could enact any rules which are not inconsistent with state laws.

Up to now, Virginia has done more than either the District or Maryland to protect consumers during the condominium craze but it's now preparing to do more.

Already on the books is a disclosure law where condominium buyers get a prospectus, similar to a stock prospectus, identifying the people involved in the project, where data is recorded, seller's obligation, bylaws, how officers are elected, mortgages and other vital facts.

A task force of the Virginia Real Estate Commission wants to make the prospectus more specific. Albert Highsmith, commission chairman and head of the task force preparing revisions of Virginia's condominium law, said the group is considering the problems of conversions and consumer protection.

"We're going to be looking at whether the developer had any difficulty on other condominiums, even in other states," Highsmith said. "We're going much further and it's all directed to the consumer."

Highsmith had only one new suggestion to help older people fearful of moving into a building on the way to becoming a condominium.

"If they want to be sure it's not going condominium," he said, "they should ask to have a clause put into their lease that it won't go condominium. And if the landlord won't agree to such a lease, they should look elsewhere."

A condominium promoter had another solution, this one for District apartment dwellers.

He proposed that they urge the city to give incentives to apartment owners who would continue to rent rather than sell out to the developers.

The incentives he had in mind were various tax credits, improved depreciation schedules and free use of such city services as trash and garbage collection.

An official who has been dealing with developers commented that so much money could be made by going condominium that the proposed incentives would have to be mighty tempting to keep a landlord renting when what he wanted was big money in a hurry.

Nobody has yet come up with a real solution to the problem of people who just want to live out their lives as renters rather than owners—and they don't have to be elderly either.

An increasing number of people are trying for a solution. Among them is the House Republican Task Force on Aging, chaired by Rep. Robert H. Steele, R-Conn.

James M. Broder, director of the task force said the staff is studying the impact of condominiums and conversions on the elderly.

Although nothing has been approved yet, he said, it looks like a national law is needed with some protection against high-pressure sales tactics and summary eviction of the elderly.

Such a law, he said, should also have strong requirements that tenant-turned-owners should be given full information about their rights and obligations, that owners' down payments should be held in escrow rather than mingled with the developer's other funds, that the number of years a developer could manage a project should be limited and that tenants should have up to 90 days notice of conversion.

Whenever people start talking about condominiums and consumer protection, it appears, their thought immediately strays to

protecting prospective buyers from sharp practices.

It's only belatedly that they remember the older people who could be drowned in what's been called the wave of the future—condominiums.

[From the Washington Post, Feb. 22, 1974]

CONDOMINIUMS AND THE LAW: THE ARLINGTON EXAMPLE

The Washington Post's editorial on Jan. 21, "Condominiums and Their Costs," succinctly described the squeeze facing tenants of rental apartments as the condominium conversion trend accelerates. But in mentioning that Prince Georges and Montgomery Counties and the Virginia General Assembly were considering proposals to ease the hardships resulting from such conversions, the Post failed to mention that the model for those proposals is Arlington County's newly enacted ordinance, which became effective on February 12.

The new Arlington law, which was formulated as a result of a year-long study by the County's Tenant-Landlord and Planning Commissions, provides that

The developer must furnish an engineer's certificate of present condition and estimated cost of replacement of heating and air conditioning equipment, plumbing, roof, elevator, electrical system and swimming pool to unit purchasers;

The developer must provide a one-year warranty on these elements;

The purchaser has a five day grace period in which to rescind without penalty a contract to purchase a condominium unit.

All condominiums, including conversions, must comply with Arlington's off-street parking zoning ordinance;

Tenants of an existing rental building will receive 60 days' notice of a conversion.

Although the bill now pending in the Virginia Legislature has a number of excellent features, such as a 60-day option for existing tenants to purchase their apartments, it also is seriously deficient in protecting tenants and purchasers from fraudulent and unfair practices. The lengthy and complex bill was drafted by a state study commission dominated by real estate attorneys, developers and mortgage bankers. Del. Ira M. Lechner (D-Arl., Alex.), a former chairman of the Arlington Tenant-Landlord Commission, is a member of the legislative subcommittee that will review the Commission bill. His experience should place him in a strategic position to fight for a bill that provides effective protection to tenants and condominium purchasers from unfair and deceptive tactics, while assuring to developers a fair opportunity in the marketplace.

WILLIAM R. WEISSMAN,
Commissioner member, Arlington County
Tenant-Landlord Commission.
ARLINGTON.

[From the Long Island Press, Apr. 4, 1974]

TENANT SHIELD: BILL PROTECTS CONDO CONVERSION

A measure to protect rights of tenants whose apartment complex is converted to a cooperative or condominium has, in a greatly amended form, passed the Senate and been sent to the Assembly.

The original bill would have required 51 per cent of the residents of an apartment complex to vote for conversion before this could in fact take place as compared with the 35 per cent vote now required. The amended bill would allow such conversion with a 35 per cent vote, which would seem to render the bill meaningless.

The sponsor of the bill, Sen. Roy Goodman of Manhattan, says that is not the case, for the following reasons:

The "tenants tell us" they are not so concerned about the 51 per cent provision now, because they feel confident they can stop landlords from getting a 35 (or even a 5 or 10) per cent vote.

In exchange for dropping the 51 per cent conversion provision, the landlords' lobbyists have agreed to a number of concessions, including a statewide extension of the 35 per cent provision (which does not exist outside New York City at present) and protection against eviction and harassment of those who do not choose to buy after the conversion.

Besides appeasing landlords and inducing them to lower their opposition, the dropping of the 51 per cent provision has political implications related to the recent charges of election violations pressed, and later dropped, against Assembly Speaker Perry B. Duryea, Jr. There is a lingering Assembly bitterness at Atty. Gen. Louis Lefkowitz on the part of those legislators who feel he pursued the "vote siphoning" investigation with a little bit more enthusiasm than some thought he should have.

The cooperative and condominium bill has been pushed by Lefkowitz, and—as one Republican legislator said—"nothing with his name on it is going to pass this house." Lefkowitz had pushed hard for the 51 per cent rule and the dropping of that provision might cause it to seem less of a "Lefkowitz" bill.

At any rate, the present bill which is before the Assembly, requires that: (1) Tenants occupying 35 per cent of the apartments in the building or development to be converted must agree to purchase their apartments before the conversion can become effective, (2) The plan will lapse if it is not accepted by at least 35 per cent of the tenants within six months after it is offered (3) If the plan is offered, but is not accepted by the tenants, no new plan may be submitted for at least 18 months, (4) When a plan for conversion has been approved by the tenants, those tenants who have declined to purchase apartments will be protected from eviction and from excessive rent increases for three years, and (5) No plan may be approved for a building when an excessive number of apartments have been kept vacant by the owner.

"The existing law is weighted heavily in favor of the owner," Sen. Goodman said, "and the prices of apartments in a conversion are almost invariably greatly in excess of the price that the owner could get for the building in an open market."

THE CONVERSION GAME: THE NEWEST HOUSING CRISIS

(By Assemblyman John Dearie)

So you thought the domino theory of successively collapsing communities applied only to Southeast Asia? Forget it.

Right here in New York City, in 1974, the single largest real estate giant in the country, Harry B. Helmsley—and his companions—are diligently at work calculating to knock over one established neighborhood after another while reaping incredible financial profit. His "game plan" is called "Condominium and Cooperative Conversion."

The list of stable neighborhoods in the New York City area involved in or reported to face condominium conversion reads like a "Who's Who of Model Neighborhoods." Parkchester in the Bronx; Tudor City, Peter Cooper, Stuyvesant Town in Manhattan; Fresh Meadows, Windsor Park in Queens; Interlaken in Westchester. In addition, landlords are now stalking Suffolk, Rockland, and Nassau Counties. By recent survey, more than 52,000 dwelling units affecting more than 150,000 tenants in New York City alone have or shortly will be facing this conversion crisis.

Let me say at the outset that no one in the forefront of tenant opposition to the present conversion laws has ever spoken against the concept of apartment ownership, whether condominium or cooperative. All of us believe there can be several positive features of owning an apartment. But these relate, almost exclusively, to new buildings with new units into which new tenants move, understanding their rights and responsibilities.

What we do strenuously oppose is the conversion of buildings and communities under rent control and rent stabilization into condominiums or cooperatives without the requirement of even a single tenant's approval.

A litany of the current abuses may best be made in interrogatory form.

In a democracy, why shouldn't 51 per cent of the tenants in a building decide whether or not to change from renter to owner status?

Why should a sponsor be able to convert entire communities without the requirement to get approval from even a single tenant in occupancy at the time the offer is made?

Why should some classes of tenants be faced with a decision to "purchase your unit or face immediate eviction"?

Why should landlords, in a tight middle-income housing market, be permitted to let large blocks of apartment units sit idle and unused only awaiting the conversion process to begin?

The Helmsley "game plan" is boringly repetitive but dangerously destructive to every community he says would be greatly improved by conversion to condominium or cooperative status. Oh, yes, nowhere does he say he stands to make a virtually unconscionable amount of money in the process. His rare public utterances are always directed at deceptive and self-selving cliches, like "it's good for the community."

Consider the financial dimensions of Parkchester's conversion. In 1969 Helmsley purchased the largest rent-controlled development in the country from Metropolitan Life Insurance Company for $90 million, of which he paid only $9 million cash. Now he is gratuitously prepared to sell it back to the tenants, standing to make over $250 million profit for himself.

Benevolent? Community-concerned? Isn't he?

Multiply that lucrative profit incentive proportionately to all his conversion targets.

The game plan "conversion process" inevitably takes place against a backdrop of overwhelming tenant opposition. But regrettably, under existing laws there is no guaranteed and legal tenant voice in this conversion process.

How then does it work? First, he purchases either a single apartment building, or, more commonly, an entire housing development—either rent-controlled or rent-stabilized. Then, usually within a year thereafter, he files papers with the State Attorney General's Office for the conversion process to begin.

The offering plan, much like any sales document, is placed before the tenants to evaluate and make a direct "yes" or "no" decision as to whether they wish to purchase on the terms a sponsor has established.

Over the past 18 months, though, a major change has been employed by sponsors—primarily Helmsley—to avoid the requirements of having to get tenant approval for a plan. In the past, offerings contained the requirement that 35 per cent of the tenants affected by the plan sign up for it within a six-month period. If the sponsor got over 35 per cent of tenants to sign, in effect showing their approval to a reasonably attractive plan for both sponsor and tenant, then the balance of tenants would have to sign up or face eviction. This procedure at least assured a tenant voice in the conversion process. Conversely, if the sponsor failed to attract 35 per cent of the tenants, the offering was considered unsuccessful, withdrawn, and no

new one could be re-offered for another 18 months.

It is this element of tenant voice that is now missing from *most all* tenant conversion offerings. Presently sponsors are getting around the need for even a single tenant to approve the plan. This is accomplished by granting what they like to hold up as a "quid pro quo," namely, that in exchange for a guarantee that no tenant will be evicted, the sponsor need attain no minimum tenant approval—not five percent . . . not 10 per cent . . . not 25 per cent . . . not zero per cent!

In Parkchester, for example, the plan has been before tenants since December 14, 1972. Of the approximately 4,000 apartments under the plan, no more than about 80, or two per cent, have been purchased by tenants who were in occupancy at the offering date.

But Helmsley continues to sit there with his plan before tenants, with 98 per cent tenant rejection of his offering, and with no time period required to get approval. And over time, the apartment vacancies generated by confused and frightened tenants who see the only "out" as moving plays right into his hands as he picks up apartments to sell.

Where, then, is there hope for the beleaguered and abandoned tenant? I believe, in great measure, it rests in a bill that I have jointly sponsored in the state legislature with Senator Roy M. Goodman called the Condominium and Cooperative Fair Practices Code.

The bill's fundamental purpose is to mandate that a majority of 51 per cent of the tenants in occupancy must, as a required step in any conversion, approve the plan before it can become effective and before even a single apartment can be sold. In other words, it eliminates the present end-run around the tenant approval concept.

Another provision would place a three-year "moratorium" on the eviction of any non-purchasing tenant. This would grant protection to all tenants, whether rent-controlled, rent-stabilized, or decontrolled for a 36-month period from the date the offering plan was presented to tenants for sale.

In an effort to stop the practice of hanging a conversion plan over the heads of tenants for an unlimited time, the bill would mandate a six-month period during which the plan's sponsor would have to gain the 51 per cent tenant approval. Six months is sufficiently long for tenants to study, analyze, and decide upon the merits of the plan. It is also adequately long for sponsors to generate the 51 per cent they seek.

Of recent vintage is the situation where Helmsley will decide to deliberately leave large blocks of available apartments off-the-market, sitting idle, unoccupied. His purpose is clear. In anticipation of filing for conversion (perhaps in a year or so) he will leave apartments unused when they are vacated. The idea is that when he places the offering plan before tenants there will be vacant units which he will immediately begin to sell.

Helmsley has retreated a bit on this issue of "warehousing." Last week, he announced the release for rental of 300 Parkchester apartments that had been held off the market. A significant—but small—tenant victory. Warehousing is still standard policy in Fresh Meadows and Tudor City. In an effort to remedy this condition, the bill contains a specific formula whereby if "excessive vacancies" exist at the time the sponsor files with the Attorney General's office, the plan cannot be released for offer to the tenants.

The bill addresses another area crying for legislative reform, namely, the establishment of a procedure for tenants to have input into the offering plan before it becomes public.

For example, if a sponsor wishes to convert "X" development, he files the plan with the Attorney General's office on March 1. Under the new bill, tenant leaders would have until March 20 to study it. Then the Attorney General would have another 40 days to review it before deciding whether or not to approve it for sale. This period for tenant review and input contrasts with the current regulations which provide for no tenant study prior to release. Also, it extends the time from 15 days to 60 days for the Attorney General to digest and pass on the plan.

The beauty of the "Omnibus" legislative package is that its origin, concepts, and drafting emanated at the grass-roots level from a new breed of tenant leaders who have rallied their respective tenant associations around legislative reforms in the conversion field: John McKean of Tudor City; Michael Ehrmann of the West Side Tenants Union; Roslyn Phillips of the Fresh Meadows Tenants Association; Ela Hathaway of Interlaken; Mark Weiss of Windsor Park, to name some.

As president of the Parkchester Tenants Association, I have spent seemingly countless hours with them discussing, planning, and drafting the reform package. Three weeks ago, in the park at Tudor City, we publicly announced the bill's provisions and signated the next step in our efforts to gain legislative enactment.

I do not under-estimate the magnitude of the task before us. The real estate lobby in this state is well funded, well organized, and well experienced in opposing any measures that threaten to bring a sense of balance to this conversion law.

But, there are reasons to be more optimistic this year than in the past. The list of the bill's co-sponsors in both the Assembly and Senate reflects the broadening scope of the conversion impact. A few isolated legislators from New York City are not the only ones concerned. And the newly emerging, well-coordinated, state-wide tenants lobby—the New York Tenants Legislative Coalition—not only has fully endorsed the package but has designated it one of the top priority goals this session.

This is not a story or chapter whose end is far away. We shall know the final outcome of our struggle within two months when the dust settles and the legislative session concludes and reform is attained or not.

But one thing is certain already. The conversion issue is now emerging as the single most critical housing issue requiring attentive legislative action. Look out, Harry Helmsley and Company, we're coming on strong!

[From the Long Island Press, May 14, 1974]

GOVERNOR GIVEN BILL ON CO-OP CONVERSION

(By Irving Long)

The Assembly passed and sent to the governor yesterday a bill to protect tenants whose apartment complex is converted to a cooperative or condominium.

Co-sponsor Saul Weprin, Jamaica Estates Democrat, noted that Gov. Wilson had sent up a "message of necessity" to get the bill on the action calendar without its being subjected to the normal aging process of three days. "The sending up of a message of necessity carries with it the presumption that he will sign the bill," Weprin said.

He also predicted the bill may stop planned conversions in the Helmsley developments of Fresh Meadows in Flushing, and Windsor Park in Bayside, and possibly the Bellerose. Failing in that, he said, the bill will give the tenants two years protection against eviction—regardless of whether the landlord is capable of getting the 35 per cent tenant vote required to convert.

Since the tenant groups were originally pushing for a 51 per cent vote as a prerequisite to conversion, there was some question as to whether the bill carrying the 35 per cent vote was a victory for the tenants or landlords.

The present rent control law provides that, in rent controlled and rent stabilized buildings, a landlord who wants to convert can take one of two routes: (1) He can, if he chooses to do it within the rent control, get a 35 per cent vote—in which the vacant apartments are voted in favor of conversion—and then evict the tenants who don't or can't buy their apartments. (2) He can opt to go outside the rent control law, in which case he can convert without the approval of even 1 per cent of the tenants, but in exchange must agree—in theory—that he will not evict those tenants who choose not to buy.

While that is the theory, tenant groups contend that—in actual practice—the landlords can and do harass those who do not buy so they are, for all practical purposes, evicted from their apartments.

Thus, Weprin says, the end result of this bill is that it increases from zero to 35 percent the tenants who must give approval before conversion can be consummated. One important feature of the bill, he said relates to "warehousing," which is holding some apartments off the market so the vacancies can be voted in favor of conversion.

A landlord who does choose to convert under the present law can—if he has 15 per cent of the units in the building vacant—accomplish the conversion with a vote of only 20 per cent of the tenants in the building. The bill passed by the Assembly yesterday provides that the landlord must get the approval of 35 per cent of the tenants, and is thus not able to count empty apartments.

The bill passed by the Assembly yeterday would apply to all apartments—rather than just controlled and stabilized ones—in New York City and across the state.

CONSUMER'S ROLE

[From the Long Island Press, Apr. 4, 1974]

INCENSED TENANTS TO SPEAK OUT ON CONDOMINIUM CONVERSION

(By Seymour Marks)

Rotating shifts of incensed tenants of some of the largest apartment developments in the city, including Fresh Meadows and Windsor Park, will pound home their demands for protection from condominum conversion at a legislative hearing in Manhattan April 20.

The Assembly Committee on Housing, chaired by Assemblywoman Rosemary R. Gunning, Ridgewood Republican, will hold the hearing at the City University Graduate Center, 33 West 42nd St., from 10:30 a.m. to 4 p.m.

Mrs. Roslyn Phillips, president of the Fresh Meadows Tenants Association, said that the development groups, including those from Parkchester in the Bronx and Tudor City in Manhattan, will send hundreds of representatives to the hearing.

They will attend in shifts, on a rotating basis, so that there will be a tenant spokesman at the session to plug for their cause for the entire period of the hearing, she said.

The hearing will discuss the Condominium and Cooperative Fair Practices Act, Bill No. A–11196, which is sponsored by Attorney Gen. Louis Lefkowitz and backed by a number of Queens legislators, including Assemblyman Saul Weprin, Hollis Democrat, and Sen. Jack Bronston, Jamaica Democrat.

The bill's major change would increase the number of tenants necessary to permit changing a rental development to a co-op or a condominium. Under present law, 35 per cent is required. The amendment would change this to 51 per cent.

The new act would also provide for tenant input before the attorney general approves a proposal for conversion. At present, there is no such provision.

The protest action grew out of the disclosure in The Press last November that

Harry B. Helmsley, one of the nation's biggest landlords, planned to convert Fresh Meadows, and possibly Windsor Park, into a condominium.

He told The Press he would do this while retaining ownership of the commercial areas and the central power plant, thus depriving the proposed condominium of much possible income.

SENIOR CITIZENS GROUP JOINS FIGHT VERSUS CONDOMINIUM

(By Herb Goldstone)

The chief tenant spokesman for the 1,800-apartment Windsor Park development in Bayside enlisted a senior citizen group yesterday in the fight against conversion of the development to a condominium.

Mark Weiss, president of the Windsor Park Tenants Association, called on the Young-at-Heart Senior Citizens Association of Bayside for a major letter-writing effort in support of tenants rights legislation pending in Albany.

Weiss was guest speaker at a Young-at-Heart meeting at the Hollis Hills Jewish Center. Most of the group's members are Windsor Park apartment renters.

The letter drive will be aimed at Gov. Wilson and Mayor Beame, along with such legislative leaders as Assembly Speaker Perry B. Duryea of Montauk and Assemblywoman Rosemary Gunning of Ridgewood, chairman of the Assembly Housing Committee.

On the city level, letters were urged to Councilman Matthew Troy Jr., Queens Democratic leader, and Council Majority Leader Thomas Cuite of Brooklyn.

Weiss urged support for the omnibus tenants rights bill drawn up by Atty. Gen. Louis J. Lefkowitz and representatives of several major apartment developments whose owners want to convert them into condominiums. In addition to Windsor Park, they include Fresh Meadows and Glen Oaks Village in Queens, Tudor City in Manhattan and Parkchester in the Bronx. Windsor Park is a Helmsley-Spear project.

The proposed legislation would (1) increase from 35 to 51 the percent of tenants who would have to agree to buy their apartments if the owners seek to convert within rent control laws, (2) impose a three-year moratorium on eviction action against tenants who refuse to buy, and (3) cut down deliberately created vacancies which make it easier to get the required consent percentage.

Under condominium ownership, tenants purchase their own living space similar to buying a private home and share the cost of maintaining common services and facilities.

The Young-at-Heart group hopes to charter buses to send delegations to Albany and to City Hall to back the anti-condominium bills. Weiss urged them to help form a city-wide senior citizens lobby to fight for the legislation.

Apartment project owners can get around the 35 per cent requirement by converting outside rent control laws. In that case, tenants who refuse to buy stay on as renters with whoever buys the apartment.

Mr. BIAGGI. Will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman.

Mr. BIAGGI. Mr. Chairman, I rise to speak in support of H.R. 15361, the Housing and Urban Development Act of 1974, and to urge my colleagues to approve it quickly and send it to conference so that we may soon have a law.

Since January 1973 we have had, for practical purposes, no housing assistance from the Federal Government at all, and certainly no comprehensive and well thought out programs. This administration saw fit to cancel them before developing a new approach and a ready alternative. As a result, our efforts in the housing area in the last year and a half have been shockingly inadequate to the problem. We need a bill, and we need it now. This is why a bill considered by many to be somewhat less than perfect has come out of the Housing Subcommittee and the Banking Committee with such strong backing. But whatever its defects, it is better than nothing and has a good chance of being signed by the President.

In fact, this bill has many positive features which should not be overlooked. The most important element of the bill is the revolutionary step of moving from categorical grant programs controlled at the Federal level to block grant programs in which the major decisions are made at the local level by local officials.

This has been the theme of recent years, and I believe it has been right. America is becoming too big, too complex, too bureaucratic to run everything from Washington. We in Congress have recognized this and are turning power back to the people at home, in our own communities.

Title I of this legislation takes seven categorical grant programs and sends them to the cities and towns with the authority to spend among them as they wish in conformity with their own local plans. Urban Renewal, Model Cities, the rehabilitation program, the open space program, the neighborhood facilities program, the water and sewer program, and the land acquisition program are all turned over to the cities.

A second major development of this bill is title II, the housing assistance section. We are finally terminating our misguided commitment to the huge public housing project approach, which has not worked, which no one has liked, and which has chewed up endless amounts of money for nothing. There are no new moneys for the building of any more of these projects anywhere in the country.

We are moving to a more sensible approach—the funding of leased housing. This means that low-income people who need a break will get the financial assistance they need to live in small buildings distributed around the city. This both removes the stigma of receiving such assistance—something we ought not to have put on them in the first place—and removes the burden on the neighborhood of absorbing the huge numbers of people involved in a large housing project. This is a burden we never should have placed on the neighborhoods, and one which we had no right to place on them. Neighborhoods have a right to live. They are the life blood of the city and must not be destroyed. This bill goes a long way toward removing that threat.

However, I do not think the threat is completely wiped out. There is still no citizen participation requirement in the development and approval of a proposal for construction of a project, however limited, in a given neighborhood. It is true, the bill provides citizen participation requirements in the development of the cities' general housing plan, but that is not enough, because the plan calls for the specification of only general locations for future housing. It does not protect the neighborhoods against specific invasions. To remedy this I plan to introduce an amendment today to require citizen participation at the planning level for individual projects. I believe this would represent a more thorough application of the principle of local control and would more certainly preserve the neighborhoods involved.

The rent subsidies for poor families are, I think, sensible and equitable in light of the existing resources of the Government and in light of the need. The requirements of a minimum rent in public housing of 10 percent of income is, I think, fair in terms of what is being received, as well as financially necessary.

The special consideration given to the problem of the elderly and the handicapped both in terms of their housing needs, the rents they should be charged, and in the attention mandated in housing planning to the problems of special facilities that need to be constructed for them in new housing are commendable and long overdue. I support them strongly.

Title III sensibly raises the limits on FHA insured mortgages so that more people may now have the opportunity to own their own homes. Title VI moves in the same direction by making it easier for institutional lenders to underwrite construction and mortgage costs in a time when the mortgage market has been very depressed and many working people have suffered accordingly.

There is, however, another problem which this bill does not cover, and which I shall be offering an amendment with my colleagues from New York (Mr. ROSENTHAL) and others in the hope of correcting.

With home ownership costs skyrocketing, many Americans are turning to condominiums as an alternative. For big cities this offers the advantages of apartment living with the benefits of home ownership. Unfortunately, many problems have developed in this area. But we have little knowledge concerning some of the details of the problems of condominiums and so are having difficulty correcting them.

The amendment I offer will authorize the Secretary of Housing and Urban Development to make a complete study of the consumer problems related to condominiums and so give us the tools to protect the consumer.

Make no mistake, the problems are there. In my own district in New York City, a large apartment complex called Parkchester is being converted to condominiums. This is working an incredible hardship on the people who currently live there, because they cannot afford to buy into the condominiums and they cannot afford to move. Many of them are retired people or are civil servants who simply do not have the money. They are being forced out by management without any protection for their welfare. This is something we have to do some-

thing about, and this amendment is the beginning of that process.

Overall, I think the bill is a reasonable one which goes a long way toward meeting important human needs. I think it deserves the support of my colleagues and I urge them to vote for it.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Chairman, I am of two minds. I would like to compliment the committee and its members for their hard work, but I am not sure I agree with the results, if they will pardon me if I say so. I am somewhat alarmed because I in no way oppose housing subsidies or housing allowances which, as I see it, is the main theme throughout this bill. But I do find some difficulty with the bill and perhaps the gentleman from Ohio (Mr. ASHLEY) can assist me with some answers, in that we do have serious low- and moderate-income housing needs in the country requiring construction of federally assisted housing. I still regard this bill as one that is phasing out this kind of a program, and I disagree with this.

In the great city of New York we have 150,000 families that depend upon public housing for shelter, and we have another 150,000 that want to get into it. Public housing leasing would do very little good, since we have a 1.5 percent vacancy rate. I do not know what we will do with all these people who may be eligible for allowances for leasing without building housing to which the housing allowances can be applied.

I would appreciate it if the gentleman from Ohio (Mr. ASHLEY) could explain this. I might say that I feel a little strange since the people who preceded me in the well of the House seem to feel quite differently about this bill, they are perhaps a little more gentle than I am at 23 minutes to 3 in the afternoon.

Mr. ASHLEY. Mr. Chairman, if the gentlewoman will yield, let me say that in the section 23(h) program, the so-called leasing program, the fact of the matter is that it is contemplated in the bill and provided for in the bill that these units of housing which will be leased will be from a stock of existing housing, will be units that are substantially rehabilitated, or will be units that are newly constructed. The program, therefore, makes very broad provision for increasing the stock of housing units which will be available for the program.

Ms. ABZUG. That is a very interesting point.

Let me ask the gentleman this question: Is there in this bill anywhere any provision for direct loans for rehabilitation of multifamily dwellings?

Mr. ASHLEY. Yes, under title I, what we have done is to pull in the section 312 rehabilitation program into the Community Development Grants which New York and other metropolitan central cities will of course be participating in on a formula basis.

Ms. ABZUG. I would like to interrupt for one moment.

As I read page 43, which covers this section 312, it seems to me that this is part of a phasing-out program, is it not?

Mr. ASHLEY. No. We can say that we are phasing out the section 312 program, the urban renewal program, the sewer and water program, as separate categorical programs, but the fact of the matter is when you look at the different sections of the bill that describe the eligible activities that can be undertaken with community development funds, then it becomes clear, I am sure, that we are not phasing out the activities which could be done under the categorical programs; we are simply providing a different means of funding these activities.

Ms. ABZUG. Let me ask the gentleman this question. Have I not heard the gentleman in particular comment that there is little provision in this bill for direct loans for rehabilitation of multifamily units, and that this issue would have to be resolved in conference because there is a better provision in the bill of the other body? I hope the gentleman is right. We cannot continue to talk about giving assistance to new construction if we do not have provision for loans for new public construction, and we cannot talk about getting assistance to rehabilitate existing housing stock, which is an important program, when we do not really have a direct loan program to rehabilitate that existing housing stock.

The Banking and Currency Committee report which accompanies this bill, H.R. 15361, clearly states that the committee regards action by the administration in January of last year—

To abruptly and unilaterally stop all major housing programs as unlawful and a perversion of the constitutional role of the executive and legislative branches of government.

I commend the committee in its forthrightness regarding the Nixon housing moratorium, but am deeply concerned that the bill we have under consideration today would offer only a hollow shell of a new "housing policy."

We long ago established our national goal to provide a "decent home in a suitable living environment for every American family." And, quite simply, this bill just does not do it. This bill creates a housing assistance payment system but I fear in no small part for housing that just simply does not exist.

The proposed section 23(h) housing assistance payment is just a distilled version of the President's old housing allowance program. The Nixon housing allowance was premised on two beliefs: First, that America's housing problem is primarily an income support problem—thus supplementing directly the incomes of the poor. Second, that the existing housing stock could be used to a greater extent and only augmented by a "residual" subsidized new construction program. I believe we should rehabilitate existing housing stock, but that is not enough.

The bill before us today is only an extension of this ill-founded hypothesis. Rather than giving direct cash payments to perspective tenants, H.R. 15361 relies almost exclusively on direct cash payments—in the form of subsidies—to the owners of housing developments. The purpose of these subsidies is to make up the difference between the revenues generated from rents based on 20 to 25 percent of renter's gross income and the construction/operating costs of the housing.

A real housing policy must take the offensive in constructing and rehabilitating housing. Former Economic Council Chairman Leon H. Keyserling estimates that we need an additional 2.3-million housing starts per year. These would include 1½ million units just to provide housing for our increasing population; 700,000 units to replace those destroyed by fire, flood, and demolition; 100,000 units to replace units taken over as second homes by the wealthy; 100,000 units to accommodate housing need due to an increasingly mobile population; and 50,000 units to replace those which are abandoned each year.

In 1969, the Commission on Housing recommended that we needed 600,000 units of federally assisted housing per year over the following 10 years. By 1979, they estimated that we need 1 million rehab units and 5 million newly constructed units. These estimates were made 5 years ago and there has been no subsequent housing act passed to meet these needs. Today we are faced with a bill that is described by its authors to provide only two-thirds of this need—400,000 units.

Mr. Chairman, I am in no way opposed to housing subsidies or even housing allowances. The single biggest cause of housing problems in our society is poverty. Crucial weapons in combating poverty are giving money to those who cannot earn their way out of poverty independently, and creating jobs for those who are not now employed. But this is not the exclusive remedy—we have two basic needs in a housing policy: first, we have to fill the gap between cost and the tenants ability to pay; and second, we have to create decent living units. I fear that H.R. 15361 will not provide for the creation of these new units because there is no substantial increase in the production/rehabilitation oriented programs.

There are of course many severe problems with the Housing Assistance Payment provisions including an unrealistic cutoff of the definition of low incomes—80 percent of the median SMSA income should be increased to at least 90 percent if not 100 percent. The very low-income determination should be at 30 percent of the median SMSA income rather than 50 percent. Otherwise there will be thousands of people who although unable to get housing elsewhere will be ineligible for Federal assistance.

I opposed the administration's attempt to end the public housing program. It is just as unconscionable for this bill to be drafted with the intent of phasing out the public housing program; 150,000 families in New York City depend upon public housing programs for their shelter and another 150,000 want to get in. Public housing leasing will do us little good since we have a 1½ percent vacancy rate.

The worth of the Federally assisted housing program is indicated by the numbers of people using public housing in New York City. The desperate need for new construction is evident by the 150,000 families waiting for apartments in structures built under the program. We must not abandon these people to a vacancy rate which could barely tolerate them.

We are attempting to stretch Mr. Nixon's restricted budget limitations to the point of callousness.

I look forward to the new 23(h) program working, but even if it does it is hardly enough.

The CHAIRMAN. The time of the gentlewoman has expired.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. I thank the distinguished Chairman for yielding.

Mr. Chairman, I commend this distinguished committee for bringing this bill to the floor, as I would place the housing needs of this country subordinate only to two other more pressing demands: the need to curb inflation and the need to reduce interest rates in this country.

I wish to make two brief observations. I hope we shall be assured by representatives of the minority or otherwise during this debate that the President is going to carry out this bill if Congress enacts it, because I think the President has done the country a great disservice in suspending the operation of legislation we now have providing low-cost housing for the poor people of this country.

Second, I hope this bill is going to make a substantial contribution to meeting the needs of the poor people of the land particularly the elderly poor for decent housing.

In my county of Dade, over 14,000 people are waiting to get into the Public Housing Projects of our county, and some of them have been waiting over 5 years to get in. Surely this rich America can provide decent housing for its people, particularly those who need it the most.

Mr. Chairman, I believe, from what I have heard about this bill, that we are making a substantial contribution to meeting this need. I hope it proves to be so.

Mr. Chairman, I yield back the remainder of my time.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut (Mr. STEELE).

Mr. STEELE. Mr. Chairman, until recently, the role of State governments had been declining in our Federal system. The States became increasingly dependent on and subservient to the Federal Government. The administration of social programs became more and more removed and out of touch with the local problems which they were designed to solve. However, in the past several years, the States have reasserted themselves, and the Congress has cooperated in passing some valuable legislation to strengthen the States' role in confronting State and local problems.

The National Governors' Conference's conclusion to its 1974 State of the States report catches the essence of this change:

> Greater state fiscal strength, greater structural solidarity, greater involvement in traditional and new programs, and greater sensitivity to immediate issues of prime concern to the electorate—these are the dominant themes suggested by these findings and by this State of the States report. When viewed as a whole, they add up to a dramatic chronicle of change. They provide a story that needs to be told. And they clearly highlight the re-emergence of the state as resourceful, resilient, and responsive middle tier governments.

I am, therefore, pleased to note the major emphasis which the committee's bill places on State housing activities. However, I should note that on other aspects of the bill, I will be either offering amendments or supporting amendments which will improve those areas of the bill which need improvement.

Specifically, I intend to offer an amendment to title II of H.R. 15361, the Housing and Urban Development Act of 1974. This amendment would provide for the construction of some 75,000 vitally needed and specially designed housing units for the elderly and the handicapped.

It is a tragic fact that in this land of great affluence, millions of older Americans lack adequate housing. Sadly, the bill which we are considering today does not meet this significant and legitimate need. My amendment will fill that gap.

First, it will reestablish the successful "202" program which was initially established to provide low-interest direct loans to nonprofit sponsors to build housing for the elderly. Despite the outstanding success of this program, it was phased out in 1969, because of its potential budget impact. My reenactment of "202" avoids this budget pitfall, because loans will be made at the Treasury borrowing rate and, therefore, will have negligible budget impact. This unsubsidized revolving fund approach will provide $1.5 billion to build an estimated 75,000 units of desperately needed housing for the elderly.

The second part of my amendment will effectively marry the "202" construction program with the "section 23" rent subsidy program to needy elderly families by making technical changes that guarantee the availability of these subsidies to units of elderly housing constructed under "202."

There are now some 30 States which have made a positive step toward assisting in meeting the housing needs of the low- and moderate-income citizens of their States. The Council of State Governments' Book of the States has reported that—

> Bureaucratic red tape has been significantly reduced by the State agencies, enabling them to process and deliver a project application in from 12–16 months compared with an average of 34 months for a similar project which must go through the federal administrative machinery.

It also points out that—

> The State agencies have been able to achieve a foreclosure and default record far below that of the conventional federal programs.

Connecticut, I am pleased to say, has been a leader in this movement. From 1969, when the Connecticut Housing Finance Authority was created, through the end of last year, the authority was responsible for financing over 2,500 units of housing at a total cost in excess of $50 million.

I wish to commend the work of the Housing Subcommittee and the full Banking and Currency Committee for their efforts to further stimulate this encouraging new phenomenon. I am particularly pleased that the new section 23(h) contained in title II will provide an opportunity for States to participate directly in the construction and rehabilitation of assisted housing. In particular, the provision which allows the HUD Secretary to set aside housing funds for State agencies is to be commended.

In addition, our distinguished colleague from Wisconsin (Mr. REUSS) deserves credit for his innovative section on State housing finance and development agencies. This new part found in title V of the bill will provide on a trial basis a partial interest subsidy and optional Federal guarantee for taxable obligations issued by State agencies such as the Connecticut Housing Finance Authority. Although the program is new and experimental I expect that it will provide an important new tool to all of the States.

Once again, I congratulate the Banking and Currency Committee for its recognition of the need for a strong State role in the provision of housing for our lower-income families.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. WHALEN).

Mr. WHALEN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise on this occasion to register my disappointment over certain aspects of H.R. 15361, the Housing and Urban Development Act of 1974, now before this body.

I shall not attempt to comment on each and every one of these perceived deficiencies. They have been ably identified by members of the committee in their dissenting and supplemental views. Rather, I will address myself solely to that section of H.R. 15361 which deals with the model cities program.

Specifically, I am very concerned about the absence of a meaningful "hold harmless" provision for model cities. Inclusion of such a clause would have permitted a more equitable transition for those communities which were among the first to undertake model cities efforts.

Page 14 of the committee report states:

> The congressional commitment to the 147 model cities was for funding for a 5-year period. It would be wholly unjustified to permit communities with model cities programs to receive higher grant amounts beyond that period.

The simple truth is that model cities legislation was not conceived to create needed, worthwhile neighborhood programs only to terminate them abruptly after 5 years. Neither the program nor the activities were initiated with the intention that they be phased out. Instead they were intended to be phased in, in the sense that permanent funding sources were to be sought for the worthwhile activities begun with model cities funds.

Had the administration not pursued a policy of making wholesale reductions in domestic programs for State and local governments, there is every reason to believe that this strategy would have succeeded in most communities.

Instead, most model cities programs have been short-funded during the past 2 years. Worse yet, the administration's massive cuts in domestic program support have made the phase in strategy nearly impossible to accomplish.

It is for this reason that I am keenly disappointed that the committee eliminated a provision contained in the original version of the Housing and Urban Development Act of 1974. This proposal would have extended the "hold harmless" calculations for an additional 3 years to model cities participants. This would have permitted a reasonable transition period from the "hold harmless" level to the formula entitlement.

The $100 million transitional fund created by H.R. 15361 is inadequate to meet the inequities caused by the shift from categorical programs, such as model cities.

For example, I am advised by the U.S. Conference of Mayors, the National League of Cities, the Model Cities Directors Association, and other public interest groups that an estimated minimum of $300 million will be required to "lessen the inequities" caused by the shifts in urban renewal programs alone.

Additionally, it would take an estimated $300 million to maintain the model cities program at the "hold harmless" level for the first year.

These considerations, along with others, made it impossible for me to support H.R. 15361. Assuming this measure is approved this afternoon, I trust that the conference committee will support this model cities "hold harmless" provision approved by the other body. Failure by the conferees to endorse the Senate version will create serious economic and morale problems for urban communities which have been involved in the model cities program from its inception.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. WHALEN. Mr. Chairman, I yield to the gentleman from Illinois.

Mr. COLLIER. Mr. Chairman, I am a little puzzled at the gentleman assuming—and I underline the word "assume"—that the model cities program was to extend beyond 5 years. Where in the original legislation, may I ask, does this appear.

Mr. WHALEN. Mr. Chairman, in my remarks I did not assume it would go beyond 5 years. What I did state, simply, is that those cities such as the one I represent, Dayton, Ohio, which began their programs very early, will be penalized because they have not in the last 2 years been able to take advantage of other sources of funds. Indeed, their own funds have been reduced.

What I am simply suggesting is that they be given an additional period of time so that there can be a meaningful transition from categorical programs to the one that is spelled out in this bill.

Mr. COLLIER. The bill does provide additional transition funds.

Mr. WHALEN. As I also pointed out, $100 million is provided in this measure. It would not begin to meet the needs of those communities which began their model cities programs early on in the history of this legislation.

Mr. COLLIER. I am sure that what is proposed in this bill will, in essence, provide a filling in of the other gaps, and probably be a far more orderly and effective program than the model cities program has provided in many instances.

Mr. WHALEN. I would say to the gentleman from Illinois that this bill will not, and there will be many communities, such as the one I represent, which will be greatly hampered.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, I thank the gentleman from New Jersey for yielding time to me.

Mr. Chairman, I take this opportunity because, having been in the House for 12 years and on the Banking and Currency Committee all of that time, this is the first term that I ever sat with the Housing Subcommittee.

I have been interested in housing ever since I came to this body, and I was very pleased to have the opportunity in my last term of service to sit with the subcommittee I had aspired to ever since I first came to this House. It was a particular pleasure for me, because I came under circumstances which I think were quite salutory. I found the committee in a situation in which there had been a very partisan approach in a housing bill in 1972, which ended in a very large bill and in which there were some very strong feelings. This bill never got to the floor at all. It represented a very considerable amount of work on the part of the subcommittee, but in putting it together, it had managed to offend enough people that the chances for it coming to the floor were shattered and endless hours of work were frustrated.

The administration had sought to devise themselves an alternative to the work of the subcommittee, and during the time we sat on this subcommittee, we worked out the accommodations between the work that had been done by the subcommittee for almost 2½ years and the suggestions that had been made by the administration. I must say that I have not, in all of my term of service in the House, sat with a committee that was more committed to working out sensibly and equitably the accommodations in these two views.

Mr. Chairman, there is no way in which we can approach a complicated and very deeply involved subject matter such as this and come out with something that will please everyone. There are going to be disappointments, but let us see what we set out to do and what we have accomplished.

There had been existing in the housing field programs which were based upon specific program grants that had to do with defined programs. These were available only if one made his application in the appropriate way and had all the expertise essential, and then one got his grant after he had come to terms with accommodating the local decisions to the decisions that were in the minds of the national controlling agency, HUD.

Mr. Chairman, the decision was made that it would be more equitable to take whatever money the Congress made available and put it into the country as the needs were equal in the country, and that we should not spread the money on the basis of grantsmanship but on the basis of a showing of comparable need.

Therefore, Mr. Chairman, we have come here with a program that takes over all of these special programs and gives us one approach to community development throughout the Nation. It is a very simple process, but is based upon a formula that is equal for everybody. There is no special consideration for a particular metropolitan city as against another urban city. It is based upon population, upon crowding, upon poverty. Of course, there will be those who say that that formula does an injustice, but whatever injustice it does, if all of the people are treated in equal quantities, it is as the rain from heaven.

Mr. Chairman, this bill at least gives us an opportunity to go to the people and that what we have here is for everybody on the same basis. It also places faith in the local decisionmaking policy. It is not a law giving sway to the national decisionmaking body over the local decisionmaking body. In fact, acknowledgement is made that the local bodies are competent to do what they say they are going to do, and we placed this faith in the country.

Mr. Chairman, the third thing that we do, as the gentleman from Pennsylvania pointed out, is that we place emphasis or assurance on the basic money rather than on a scramble for the maximum dollar that there is going to be for everybody who is willing to go ahead and try to meet their own needs. There is going to be an assurance of a basic sum every year. There may be some money above that, but at least we place our emphasis on that basis, that there is going to be that assurance.

Mr. Chairman, I think that by and large this committee has done a good job under very difficult circumstances, and I hope the bill will be passed.

Mr. WIDNALL. Mr. Chairman, I now yield 8 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding.

The bill before us today has been variously described as a bill developed out of a threat of a veto; it has been referred

to as a capitulation, and although there are not very many Members on the floor, I would like to point out that both of these descriptions are entirely wrong.

Anyone familiar with the early development of this bill knows that from the start, whether the person was a Republican, a Democrat, a liberal, a conservative, an urbanite, or a ruralite, or whatever he might be, we have had but one goal and objective. That was to do the fair thing for all of the people in this country with respect to both housing and community development.

Mr. Chairman, many times during the course of our deliberations in the subcommittee on this bill we reached what appeared to be an impasse. On each of those occasions we did not take it to a vote so that he who happened to have the votes on that occasion would prevail and on another occasion someone else would prevail. We did not do that, but instead, we decided that reasonable men having the same goal and objective can come to reasonable compromises and solutions.

Mr. Chairman, I think the primary thrust during those negotiations so that we have the bill we have before us today was a desire to mitigate our differences while we emphasized our agreements. We did that not because we were concerned about a threat of veto, not because it was a capitulation, but rather because we knew that all Members of this House of Representatives would vote on this piece of legislation.

It is clear by the examination of even a slight amount of history on housing and community development bills that there are serious differences within the membership of the House as to what we should do and how much we should do, shall I say, in housing and community development legislation.

It was not a threat of veto in 1972 or a capitulation in 1972 that caused this House to refuse to even consider a housing and community development bill; rather, at that point in time the House was so opposed to the legislation that even the Committee on Rules would not give the bill a rule for consideration by the House.

We did not want a repeat of that performance. We did not want the repeat of a performance where we might bring a bill to the floor of the House and have it so emasculated that it did not mean what we had attempted to do when we developed it in the subcommittee and in the full committee or to have it defeated in its entirety.

Mr. Chairman, I think that this bill is certainly a high point in this legislative session, at a time when I believe the electorate and the public view the progress of the Congress with some disenchantment, at a time when the public feels that political decisions and partisan bickering are prevailing as the rule rather than the exception.

In the Subcommittee on Housing and in the full committee, with all of the work which has been done by all members on this bill, I think we have seen constructive activity and constructive progress made. I think that this probably stands out as the high point in the legislative session thus far, if we are talking about bipartisan activity, working together, and cooperation between the administration and the committees of the Congress.

In speaking about the administration, I, of course, have primary reference to the Secretaries at HUD, Secretary Lynn, Under Secretary Mitchell, and their associates, who, I think this year, above all others, from the standpoint of the administration's participating in and attempting to work out things with the Congress, considering their activities this year, stand out above all others in the 8 years I have been in the Congress.

I am pleased to stand in the well and commend them for that record.

To those who have suggested that this might be a capitulation or something of that nature, I would point out that the members of the subcommittee especially know that very frequently when the subcommittee was right with respect to an issue, it was Jim Lynn and Jim Mitchell and the others who took the cudgel up for the committee with the administration and carried the committee's position through, rather than any foot-in-concrete position that might have been adopted before by the administration.

It was that kind of activity that made this bill possible.

Mr. Chairman, I think that the members of the committee will likewise agree that in the work of the subcommittee, when we found out that Mr. Lynn and Mr. Mitchell and some of the others had a valid point to raise or a valid objection to what we were doing, the committee gave it a second look and oftentimes accepted the changes that were recommended.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I wish to say that I, of course, associate myself with the remarks of my very good friend, the gentleman from Michigan (Mr. BROWN).

I would have to say in all candor that in the 10 terms I have been in this Congress, and referring specifically to our subcommittee which has the responsibility of providing housing legislation and housing for the country, I have never before seen such fine cooperation between our subcommittee and the Department of Housing and Urban Development as I have seen this year.

It has been a revelation to me, and I must in all honesty say to the gentleman that I agree 100 percent with the comments which he has made.

Mr. STARK. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from California.

Mr. STARK. Mr. Chairman, I, too would like to associate myself with the remarks of the gentleman in the well and to comment as a new member of the committee about how great a privilege it has been to work with the members of the subcommittee and the full committee on both sides of the aisle and seeing them accommodate the concerns of the various members of the committee representing the diverse group of interests and constituencies during the markup of this bill.

I intend to support the bill in spite of whatever reservations I may have about the success of our housing policy in the past, because it is an important first step in insuring every citizen a decent place to live.

Mr. Chairman, I intend to support this bill today, but I have many reservations that I would like to state here about our national housing policy.

Since the Nixon administration's moratorium over a year ago, we have been awaiting a new national housing policy. This bill to create a new system of community development block grants represents a compromise between the administration and the Housing Subcommittee. It is much less than I would have liked—in fact, it is only just acceptable.

If we view this legislation in the perspective of our national housing record of the last few years, we see better the need confronting us today.

In 1968, Lyndon Johnson and the Congress made a strong commitment to an effective housing program. They set a target of an average 600,000 units per year of new construction over the coming decade. By 1972, only 4 years later, 80 percent of these had been started. That was as many assisted units as had been built in the 35 years before the Housing Act of 1968. For the first time, we were beginning to produce enough housing to meet the need of the country.

The Nixon administration wants out of the business of building and owning housing. That is why the backbone of this bill is the section 23 leased housing program. The subsidized housing programs, 235 and 236, are virtually dead. Public housing is discontinued. In their places, the new section 23(h) will be the source of all assisted housing for the low and moderate income.

But keep in mind the administration's long-hoped-for goal for housing: HUD wants to hand out "cash assistance" to low- and moderate-income families to go out and rent existing housing units. In other words, HUD wants to halt all new Government-sponsored construction eventually. With that as their stated goal, this bill takes on a more important function—it is the finger in the dyke to keep HUD subsidizing new housing. Without this bill, or with just a continuing resolution for housing, there will be no new construction. In this sense, the bill is a great deal better than no bill.

We in California have lived with the old section 23 program for many years, and it works. We are quite willing to live with the new 23(H) program, given certain conditions. Secretary Lynn must choose to work with the local housing agencies that have done such a good job in the past. He must let them continue to perform management services for the owner from whom he leases. And, as provided in this bill, he must use his authority to delegate to the LHA the responsibility for selecting a developer in the case of new construction. California's LHA has been absolutely devoid of

scandal or corruption and they deserve a chance to prove themselves under the new construction option of the leasing program.

In short, I think we ought to get this bill on the books and give Secretary Lynn the chance to make it work. I support the bill because I believe that block grants and the leasing program are basically workable approaches. And I think passage of the bill will forestall HUD actions that will otherwise be inevitable—stopping the construction of housing for the needy, the elderly, and the handicapped. I urge my colleagues to join me in this view and vote for the bill. The funding is too little, and many of our cities stand to lose many millions of dollars over the 6-year term envisaged in the bill. But I believe that before many of those years pass we will be back here amending this bill and getting more money to the communities that need it. As long as the mechanism is good, funding levels can be improved. This is the important first step in assuring that every American citizen has a decent place to live.

Mr. BROWN of Michigan. I thank the gentleman.

I would like to add that I am sure amendments will be offered despite the many chances they have had to be offered previously. Most of the amendments with which I am familiar which will be offered today are amendments that were considered by the committee and the subcommittee. I trust we will not have to deal with them all for the third time.

This is not to say that I do not sympathize with the concern being expressed by the many authors of these amendments, but once again this has to be a piece of legislation which is acceptable to the broad spectrum of political, financial, and fiscal thought represented in this body. Therefore, development of acceptable legislation to this House does not permit the accommodation of everyone with all of their particular desires.

Mr. Chairman, before concluding I would like to say I wish to commend the chairman of the subcommittee and all of the members of the subcommittee, especially Mr. ASHLEY, who has been so active on this legislation as well as the members of the minority on the subcommittee and, of course, all the members of the full committee and the chairman of the full committee for expeditiously bringing this matter to the full committee and to the floor.

Thank you very much.

Mr. REUSS. Mr. Chairman, two important new authorities are found in title V, part A of this bill. By improving the ability of State agencies to obtain capital financing, these authorities would encourage and strengthen the work of such agencies in helping to provide housing for low- and moderate-income families and in the revitalization of slums and blighted areas.

One new authority would provide an alternative to the present State practice of issuing tax-exempt obligations to obtain capital investment funds. It would authorize for the first time in the housing and community development field the much-discussed alternative of providing a Federal payment of the approximate differential between the interest rate on taxable obligations and on tax-exempt obligations, where a State development agency chooses to issue taxable obligations to raise capital funds for its purposes. Among the development activities of such agencies would be: First, providing housing and related facilities for families of low and moderate income; second, promoting the sound growth and development of neighborhoods through the revitalization of slum and blighted areas; third, increasing employment opportunities for the unemployed and underemployed through the development and redevelopment of industrial, manufacturing and commercial facilities; and fourth, implementing the development aspects of State land use and preservation policies. The Federal interest differential payment would be calculated at 30 percent of the interest rate carried by the taxable State obligations.

This provision represents one of the relatively rare occasions where a significant step can be taken in strengthening an important social program at a potential saving to the Federal Government. A conservative estimate would place holders of tax-exempt bonds in marginal income tax brackets of 35 to 40 percent. The taxes collected on taxable interest income of the new State issuances would therefore exceed the 30 percent Federal interest differential payment made to State agencies to reduce the effective interest rate on the obligations to the appropriate tax-exempt rate. Substituting, at the option of the State agency, a direct Treasury payment for the hidden subsidy inherent in tax-exempt financing is good policy both for the State agency and for the Federal pocketbook.

In order to encourage the voluntary use of this alternative financing mechanism, it is important that the option be available on an expeditious and nearly automatic basis without extensive Federal reviews of the obligations to be issued, and with due regard to the short-term interval in which financing decisions are normally made.

There is no intent to provide, in connection with this assistance, for Federal review of State agency decisions on the content of their programs, their method of operations, or the terms or uses of their financing. No such Federal review occurs when a tax-exempt issue is sold and thus none is appropriate when this alternative mechanism is used, unless a Federal guarantee is also provided. It is with this understanding that this new authority has been advanced.

This second new aid to State agency financing extended by title V, part A is a Federal guarantee of obligations issued by an agency to finance development activities designed to revitalize slum and blighted areas. The Federal guarantee is limited to those higher risk activities which have proven to be beyond the reach of State agencies without a Federal backup guarantee. It is important for State agencies to expand their financing and development activities in central cities throughout the country in conjunction with local redevelopment and neighborhood conservation activities. This is especially important at a time when, as this bill would provide, the Federal Government is relinquishing its direct role in guaranteeing public housing obligations and in providing loan and grant assistance for the urban renewal program. The guarantee program should be administered so as to effect this purpose.

The Secretary should review, for any obligation, the acceptability of the risk of the general development program, consistent with achieving the revitalization and redevelopment objectives of the bill. Consistent with the basic "block grant" approach of the bill, however, it should not be necessary for him to review the details of the general development program and its individual project components.

The bill authorizes guarantees in whole or on a coinsurance basis. The Secretary could, thus, for example, guarantee: First, the first 25 percent of each interest or principal payment due on an issue; or, second, 90 percent of the amount of any default in payments on an issue. The Secretary should use this authority, when possible, to develop effective coinsurance methods that leave some portion of the financial responsibility for a project with the State development agency. At the same time, he should be prepared to provide full guarantees, if necessary.

To provide an initial test of the effectiveness of these two aids, a total limitation of $500 million has been placed upon the amounts of taxable State obligations which can be assisted by either interest differential payments or such payments and guarantees. This limitation will allow the Congress to assess the experience gained in financing projects with these authorities before expanding them.

Title V, part A would give recognition for the first time in Federal housing and community development law to the growing role of the States in addressing the housing problems of the Nation's low- and moderate-income families. Housing finance or development agencies have to date been established in 30 States, 22 of them since 1968, and several other States are actively considering the creation of such agencies. These agencies have already come to play a large part in governmental efforts to meet housing and other development needs, and have generally proven to be effective instruments for carrying out such activities. They have been responsible for the financing and development of approximately 150,000 units of low- and moderate-income housing, and have accounted for approximately 20 percent of all the housing developed with the assistance of Federal interest reduction subsidies under the section 236 program. They are expected to play a major role in the financing and development of housing for lower-income families that will be assisted under the new section 23(h) leased housing assistance program provided for in section 201(a) of this bill.

The Senate has enacted a provision similar to title V, part A on the initiative of Senator LOWELL WEICKER, as title VI of S. 3066. The Senate bill differs from the provision before the House primarily

by: First, providing a broader Federal guarantee authority and by making interest differential payments available only with regard to State obligations that receive a Federal guarantee; second, pegging the interest differential payment at 33⅓ percent of the taxable interest rate as compared with 30 percent in this provision before the House; and third, limiting the agencies eligible for financial assistance to State housing finance agencies, while the provision under consideration here would also extend this assistance to agencies with authorities to develop other economic and community development facilities as well as housing—State development agencies.

While it is expected that most agencies initially using the assistance provided in the title V, part A will be State housing finance agencies, it is an important feature of this bill to encourage the expansion of the role of these State housing instrumentalities in undertaking and directly assisting large-scale development in line with the highly successful, proven model of the Urban Development Corporation in New York State. This feature of the bill dovetails with its community development block grant provisions. For it is important to recognize that community development block grants will be of assistance primarily in the provision of infrastructure facilities, necessary community services, and cleared land at prices which make development feasible.

Experience under the urban renewal program has shown that, in many areas of the country, large-scale developers are needed to provide both the subsidized and unsubsidized housing and related private and public facilities necessary for the creation of viable, well-planned neighborhoods. In addition, in many instances the development of large-scale manufacturing, commercial and public facilities, in conjunction with housing, is often needed to promote the economic stability and growth of particular neighborhoods in urban areas. It is these activities that can be undertaken by state development agencies.

Mr. GIBBONS. Mr. Chairman, I regret that H.R. 15361 was not changed before it was reported out by the Banking and Currency Committee. My own area will be penalized as the bill is now written. I am speaking about the community development funding formula.

I do not think that the funding system is equitable. It will be a boon to those cities that are not currently using Federal community development assistance, but it will mean a sharp decrease in funding for more than 100 cities now actively engaged in urban renewal and/or model cities programs. Preliminary figures indicate that Tampa will experience a cut in annual funding from its present level of $8.9 million to $4.8 million in fiscal year 1976. In this regard, I would like to make a part of the RECORD today a letter I have received from the city of Tampa urging that a "hold harmless" provision be made a part of the bill to insure that a community would not get less money than it was getting before.

I joined with a number of other Congressmen in urging the Banking and Currency Committee to take steps necessary to prevent this major loss in community development program, by strengthening the "hold harmless" protection provided in title I. An amendment was offered in committee to provide 6 years of full "hold harmless" protection in title I, but was rejected.

The result of not adopting this provision is to tell cities, particularly those actively involved in urban renewal and/or model cities programs, that they must start cutting back local rebuilding efforts. Many cities are working to maintain a healthy urban environment for their residents, and it does not seem justifiable to penalize those cities who have been actively engaged for so long in rebuilding their communities.

The letter follows:

CITY OF TAMPA,
Tampa, Fla., June 6, 1974.

Hon. SAM M. GIBBONS,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN GIBBONS: I recently received copies of your letters supporting changes in the Housing and Community Development Bill H.R. 14490 which is presently undergoing markup in the House Banking and Currency Committee. Both personally and on behalf of the City of Tampa, I would like to express my appreciation for your efforts to again strengthen the hold harmless provision in this legislation.

Tampa maintains the stance that past performance in the area of housing and community development must be considered in calculating formula distribution. Unless this factor is included in the bill when presented to the full House, Tampa's urban renewal and model cities activities will decrease sharply from approximately $8.9 million to $4.8 million in fiscal 1976.

I would like to take this opportunity to urge your continued interest and support on these issues. Thank you.

Sincerely,

RONALD T. ROTELLA,
Acting Executive Director.

Mrs. GRIFFITHS. Mr. Chairman, I applaud the Banking and Currency Committee, and its distinguished chairman, for its diligent work in trying to get a housing bill this year. But I wish to speak to the question of the purpose of federally assisted housing for low-income persons. In my judgment, there is a lumping together of two problems that can be and should be dealt with separately: low income per se, and the supply of housing at moderate rents. Most directly the question with respect to assisted housing is: Are we trying to subsidize the low incomes of the poor or to increase the supply of decent housing?

Much of the rationale for assisted housing is that poor people cannot afford housing, so we have to subsidize their rent. Thus, assisted housing is used to subsidize low incomes. But this route is one of the most unfair and capricious methods of doing so. According to an official HUD report, "Housing in the Seventies," only 3 percent of persons eligible on the basis of their incomes for any of the major housing subsidy programs actually receive subsidies. For every 3 persons who receive housing subsidies, 97 others very much like them in terms of income receive nothing. HUD also reports that of eligible persons with incomes below $3,000, only 6.5 percent receive housing subsidies. The lucky few receive substantial subsidies; the many receive nothing. Is this fair? Can we justify it? I personally cannot justify it, especially when I read that housing authorities in some locations are installing wall-to-wall carpeting and buying swimming pool memberships for their tenants while other people in the communities do without these luxuries. The only excuse is that there are not enough funds to go around. But this, I have found, is not a satisfactory answer to people who write me and wonder why someone just like them—or maybe even better off—gets help and they do not.

I do not deny that low-income persons have a tough time paying the rent. They also have a tough time clothing the children, paying the utilities bill, buying the food, and paying the doctor. Housing is just one of many needs that low income must be stretched to cover, and for many persons housing is not the most pressing need. We all know that it will be decades before enough assisted units could be made available to all who might need them. But we also know that there is another route to subsidize directly these low incomes. And that is with cash. We could directly, efficiently, and humanely offer cash supplements to persons and families with low and moderate incomes. We could tailor benefits to income in such a way that work is rewarded. We could do this in the near future, rather than wait several decades to build or rehabilitate or process several million units.

As my colleagues know, my Subcommittee on Fiscal Policy of the Joint Economic Committee has spent 3 years reviewing the incredibly wide range of programs which provide people benefits in cash or in the form of subsidized goods and services. We have found that Government income security expenditures are the fastest growing budget item. They are projected to total $142 billion in 1975, surpassing defense expenditures by $54 billion. The money will be disbursed under more than 70 programs, under the jurisdiction of 21 committees of Congress. And no one is in charge of assuring that what is done overall is fair, is not too adequate for some relative to what we could reasonably provide to everyone in equal need, and is work-encouraging rather than work-discouraging. Nearly every committee gets into the welfare business, even though other purposes are put forward. Subsidized housing is no exception.

I urge my colleagues to examine the purpose of this and other bills and to ask whether the aid to the poor is being dispensed fairly and in the proper form. We all want to see Americans decently housed, but in good conscience can we justify the haphazard distribution of benefits that we know will result when so few will benefit? Ask yourselves whether the public would tolerate a similar situation if benefits were distributed in the form of cash. Could we pass a social security increase, but vote enough funds for only one-twentieth of the eligible beneficiaries and lock the doors when the others come for their increases? We could not.

I believe there is a legitimate Government purpose in trying to expand the supply of low-rent housing. But, when pursuing this goal, we should emphasize rent savings for all low-income families rather than large subsidies for the lucky few. I claim no special expertise in suggesting what are the best measures, but they clearly involve a larger focus on existing housing, and a more even distribution of benefits than takes place under current programs. Let us deal with the income problems of the poor directly and fairly with cash. And let us deal with the housing supply problem through broad measures to improve the functioning of the low-rent housing market.

Mr. DIGGS. Mr. Chairman, if time permitted, I would express in great detail my concerns with this legislation. In many respects I find it a most disappointing product. The housing portions show little hope for meeting the ever-increasing needs of our Nation's low- and moderate-income families.

Furthermore, the bill falls drastically short of adequately protecting and advancing the civil rights cause to which we must be highly committed. Opinions from my colleagues, who have indicated their dissatisfaction with these provisions will more than sufficiently cover these concerns and I endorse their statements at this time.

I must, as the Representative of that portion of the city of Detroit in which the bulk of HUD's renewal, neighborhood development, and model cities exist, speak directly to the hold-harmless provision of the community development title. The design of this bill's hold harmless provision has serious, profound, and, in some instances, disastrous consequences for a large number of the Nation's central cities, particularly those with active urban renewal and model cities programs.

The city of Detroit, in the most recent calculations, is due to receive a hold harmless total of $34.1 million for fiscal year 1975. Because of the committee's decision to delete the model cities portion of the calculation after a city's fifth action year, Detroit realizes a drop of over $11 million to a total of $23.8 million in the second year. A level comparable to ongoing activities is unforeseen in the projected life of this legislation without a massive annual increase in the national appropriation. To subject the city of Detroit to such funding levels is appalling.

An analysis this week prepared by the city of Detroit reveals a minimal Federal funding requirement of $36.2 million for fiscal year 1975 urban renewal, NDP, rehabilitation, and model neighborhood activities.

This represents the minimum amounts necessary for business as usual. To continue to allow Detroit to meet its existing basic commitments Federal funds should begin at the calculated hold harmless level and increase at a minimum 10 percent annually to meet the ever increasing burden of inflation. By cutting back Detroit's level, we are reneging on meeting basic minimal commitments and providing a major obstacle to implementing any wide reaching, innovative community development strategies presently being prepared by Mayor Young and his administration. This problem is not singular to the city of Detroit; its impact is felt in cities across the country. Furthermore, the design to phase out the remainder of a minimum guarantee provision the fourth year of the new program to a formula level by year six penalizes all communities that have enjoyed any success in the past. As a result of these two provisions, some 40 cities in Michigan realize a decrease in funds over the life of the program. Those cities which gain assistance represent the affluent, minimal problem communities of our States.

This condition is appalling. The Senate language provides an acceptable minimum funding hold harmless level for cities with prior experience in the consolidated HUD programs. This includes adequate protection for recent renewal and model cities program levels in individual cities. As a result, I strongly urge the House conferees to move substantially in the direction of the Senate hold harmless provisions.

Mr. METCALFE. Mr. Chairman, I rise in opposition to H.R. 15361, the Housing and Urban Development Act of 1974 as it now stands. The provisions contained in title I, which provide for community development block grants, and in title II, which restructure the major housing subsidy programs, are grossly inadequate in meeting the housing crisis presently plaguing our urban areas. In fact, these two titles, which form the heart of this bill, are a major step backward in the efforts to achieve Congress stated goal of a decent house for every American family.

Briefly, I have three major objections to this bill. First, under title I, which consolidates a number of categorical grant programs into a single block grant program similar to revenue sharing, the model cities program would be effectively eliminated. This program has been of tremendous benefit to Chicago and to other major cities in this country. To terminate this program would be a callous blow to the thousands of underemployed and undereducated persons across the country who have been served by this program. As presently constituted, this bill does not adequately provide a replacement for model cities.

Second, title II consolidates all existing housing subsidy programs into a single program. In the process, the section 235 homeownership program, which has been one of the most successful of the Federal housing programs, would be completely eliminated. The Federal housing programs, first established in 1937, were created because local governments and private developers were unable to meet our serious housing needs, especially the needs of low-income families. It is a certainty that these needs still exist today. Why, then, does the administration insist on returning responsibilty for meeting these needs to local governments and private developers? This is exactly what H.R. 15361 does. It is patently absurd to think that a number of separate housing programs, which proved unwieldy to administer as presently constituted, could be better administered by putting them in one large program. It is also patently absurd to think that large numbers of private developers will forgo the much higher profits of higher income housing construction in order to build adequate numbers of lower profit, higher risk, low-income housing. If we are to seriously address the housing crisis facing low-income families and if we are to seriously address the deterioration of our cities, it is imperative that the Federal Government reman in the housing business. This bill would effectively take the Federal Government out of the housing business.

Third, *title II* includes a minimum rent provision for tenants of public housing, making them pay at least 10 percent of their gross income for rent. This provision was included in response to some critics of public housing who maintain that there are large numbers of tenants who pay no rent. Such an assertion is simply untrue. Department of Housing and Urban Development statistics show that less than one-half of 1 percent of public housing tenants pay no rent. Thus, such a provision can only be construed as a punishment on low-income families. Title II also eliminates the vital Brooke amendment concerning rent/income ratios for public housing tenants who receive welfare assistance.

The three objections I have raised to H.R. 15361 would have a severe negative impact not only on many of my constituents, but also on low-income families in every major city of this country. The housing bill which passed the Senate in February of this year, S. 3066, does not contain any of the provisions of H.R. 15361 which I find objectionable. Therefore, I strongly urge my colleagues to accept the provisions of the Senate bill offered in the form of amendments to this bill.

Mrs. BURKE of California. Mr. Chairman, I would like to voice my strong support for the housing bill we have before us today. While I am concerned about provisions in this bill, it is important to remember that since January 1973 the poor and the dispossessed in this country have been subjected to a cruel housing moratorium imposed by the administration.

This moratorium has magnified the failure of this country to come to grips with its housing problem and to formulate a responsible and comprehensive housing policy to assure every American the right to a decent living environment. Today the need for Federal housing assistance is critical. The improvements made in the Nation's housing stock as a result of past Federal programs have not kept pace with the increase in the number of deteriorating units, particularly in our central cities.

Despite all of our efforts, it is estimated that more than one-fourth of our people are currently living in substandard, overcrowded, or overpriced housing. Surprisingly, while the number of housing units with substandard plumbing—a main standard by which modern housing is judged—has steadily decreased over the years, the number of dilapidated and deteriorating units has steadily in-

creased. According to figures released by the National Association of Housing and Redevelopment Officials (NAHRO), the total number of substandard or deteriorating units in the country has increased from 4.7 million in 1960 to more than 7 million in 1970. The statistics for Los Angeles suggest that our urban areas are the most severely affected: While the number of units with substandard plumbing decreased by half between 1960 and 1970, the total number of substandard or deteriorating housing units almost tripled during the same period.

Thus the problem is clear. Congress is once again called upon to develop national policies to reverse this trend. We must begin to act with comprehensive solutions to our national problems rather than to continue to react with piecemeal programs which merely postpone the inevitable crisis.

The bill before us is a step forward in that direction. Consolidating current categorical programs, the block grant approach of this bill will give local governments the opportunity to help plan and implement community development programs on a comprehensive and integrated basis. Thus the problems of housing, unemployment, transportation, community services, and facilities can be treated together in a related fashion, rather than separately without regard to one another.

The bill also creates a new housing assistance program to replace conventional subsidy programs now serving low-income persons. This new program would be in the nature of a housing allowance, providing rent subsidies for newly constructed, rehabilitated, and existing dwelling units. Hopefully this program will lead to the end of the typically squalid public housing project and allow the poor more choice in the type and location of their homes.

While the concepts embodied in this bill hold great promise, we must make sure that its provisions are designed to help those who need help the most. It is important that assurances be written into this bill that this new approach will actually lead to more construction and better housing for the poor and those in genuine need, rather than merely become a boondoggle for landlords and real estate speculators.

The tremendous problems this bill must address are exemplified by those currently afflicting Los Angeles. There is presently a waiting list of over 10,000 families for the limited number of public housing units in the area; there are no vacancies available and, with no new construction planned, there are none projected in the near future. While there is an oversupply of unsubsidized housing in Los Angeles, there is a shortage of 104,399 low- and moderate-income units. Present indications are that, without major changes, these problems will only become worse.

Thus, I strongly support amendments to this bill which are addressed to the housing needs of those most in need—particularly the elderly, the handicapped, and the single heads of households. We must answer the needs of those who, under present conditions, cannot hope to keep pace with skyrocketing inflation. We must pass a bill which provides more than just a token response to their problems. We must pass a bill which provides meaningful change and not simply more rhetoric. Each day that we delay, the decay increases and with it the costs of rehabilitation and construction.

The Housing and Urban Development Act of 1974, while progressive in intent, is only part of the total effort we must make toward assuring a suitable living environment for all of our people. We must also work in the direction of providing increased opportunities for homeownership for the poor through urban homesteading and mortgage guarantees. The relationship of the quality and types of housing to the stability of any given community is critically important: Ownership provides a degree of permanence necessary for full community participation and pride that simple tenancy cannot.

Fair and equal housing opportunity is an empty phrase unless there is an adequate supply of decent housing that all groups can afford.

While there are limitations and shortcomings in this bill, its passage with appropriate amendments will serve as a valid demonstration of our commitment as a nation to the goal of achieving lasting solutions to our housing problems. The passage of this bill is necessary if we are indeed to become a nation of neighbors.

Mr. FISH. Mr. Chairman, H.R. 15361, the legislation before us today, authorizes a community development block grant program which consolidates existing HUD categorical grants. Local communities would have the prime responsibility for assessing community priorities, and are also required to devise a comprehensive plan for the coordination of the housing and public services programs.

While I shall support this measure because it contains a workable structure for a housing and community development program, I am greatly disturbed by several aspects of the bill. Last month, along with other concerned Members of this House, I sent a letter to the Banking and Currency Committee, which was considering this measure, voicing my concern over the community development funding formula authorized in title I. The formula for the distribution of funds, by relying on inadequate census data, will not treat large cities equitably. Small cities with a population of under 50,000, which have no ongoing programs at the present time, will have to request discretionary funds from HUD or from the State government. There is no guarantee that sufficient funds will be forthcoming for these cities from these two sources.

A major flaw in this legislation is the limited hold harmless phaseout provision, which will result in many cities receiving a steady decrease in Federal community development support. As a result, cities that have been actively progressing in improving their urban environment will have to cut back substantially or cease their activity in this area. The cities of Beacon, Kingston, and Peekskill, N.Y., all with a population of less than 50,000, under the hold harmless provisions of this bill will have their entitlement terminated by the sixth year under H.R. 15631.

The only reason Poughkeepsie, N.Y., which also has a population of under 50,000, will continue to get some funds in the sixth year, is that it qualifies for continued entitlement funding because it is deemed a "center city" under the guidelines of the standard metropolitan statistical area. However, that city's funding will also be drastically reduced resulting in a cutback in such areas as urban renewal and model cities programs.

The consolidation of the section 312 rehabilitation loan program within the block grant fails to consider that program's unique role in maintaining the upgrading urban housing, without radically changing the nature of the neighborhood. There has been a question raised whether cities, under the block grant program can perform the lending function for rehabilitation without violating the State constitution.

Congress has not passed an omnibus housing bill since 1970. The need for this legislation is clear. I have seen the tremendous progress the cities in my district have made in eliminating urban blight. It is my hope that this measure receives the support in the House, and that the flaws I have discussed receive remedial attention during our deliberations over amendments and before the conference committee.

Mr. CULVER. Mr. Chairman, like other Members of Congress, I represent many small communities. I know personally of the problems rural America has encountered as a result of the continuing crisis of outmigration. In my own State of Iowa, 74 of 99 counties lost population between 1960 and 1970; 24 lost over 10 percent. There are 3,138 counties in the United States, and I am sure that this history of outmigration has been the same in almost all of the 2,666 counties which have no town over 25,000 in population.

During the last 20 years, our Nation has experienced an unprecedented growth which has occurred largely in metropolitan areas. We now have 150 million people—about 74 percent of our population—crowded onto less than 2 percent of our land. At the same time, our rural areas have experienced a steady drain in their population. Millions of rural residents—some 20 million since World War II—have moved from farms and small towns to our larger cities. They have left behind, in far too many cases, small communities which have lost their economic vitality and which have a reduced capacity to produce and support needed social, cultural, educational and recreational facilities and services.

Each year over half a million more Americans migrate from nonmetropolitan areas to the cities. The social pressures this migration creates on our urban areas are intense. The migration of small town and farm residents to large urban

centers only intensifies the stresses these areas are experiencing in solving their many problems and meeting the needs of their growing population.

There is clear evidence, however, that this trend can be reversed. Some experts believe the migration rate has begun to slow in recent years. Surveys show that a fairly high number of Americans would prefer to live in a small town, and even more want to preserve the small town way of life in America. Increasing attention is being given to small town and rural development.

One solution, in my judgment, lies in the implementation of a more balanced national growth policy. Until now there have been few Federal programs providing aid, directly or indirectly, to small towns in rural areas. There has been no clear and consistent national growth policy with definite goals to encourage the revitalization and development of small communities. With such a policy, small towns will continue to grow, or at least maintain their vitality, and people will want to live there—and, even more importantly, it will be economically feasible for them to do so.

We are all aware that any community which wishes to retain its economic vitality must be able to provide its citizens with housing and basic services; police and fire protection, library, town meeting hall, health facilities, and recreational facilities for use by both the elderly and younger members of the community. In many cases, however, small towns lack proper housing or lack the financial resources to provide an adequate building for needed activities.

H.R. 15361, the Housing and Urban Development Act of 1974, breaks new and important ground by earmarking a specific portion of HUD program funds to rural areas. This specific allocation to rural areas, which is in addition to funds available to rural areas under other programs, is urgenty needed to provide the necessary support for development and redevelopment of small towns in rural areas, an essential element of a balanced national growth policy. Congressman WILLIAM ALEXANDER and I have presented considerable testimony over the past two Congresses, concerning these development needs and the means by which the rural way of life may be maintained. The bloc grant program with its great flexibility for carrying on comprehensive development programs, should provide significant assistance to these small communities. Further, this bloc grant approach allows local communities to use funds based upon priorities that they themselves establish.

The Housing and Urban Development Act of 1974 is a clear step forward for rural America. Each year under the bill 20 percent of the funds for community development would be earmarked to rural areas. Title IV of the bill extends for 3 years various rural housing programs. The bill increases the authorized appropriations for section 504 rehabilitation loans and grants by 50 percent; increases section 516 grants for farm labor housing programs from $50 million to $75 million; and authorizes up to $1 million annually for section 506 research grants in fiscal years 1975, 1976, and 1977.

It is significant that H.R. 15361 initiates an adequately balanced national growth policy which takes into consideration the needs of both metropolitan and rural areas. We live in an interdependent society where there can be no national progress if one section of the country or one segment of the population is left behind.

Mr. MOAKLEY. Mr. Chairman, although I rise in support of H.R. 15361, the Housing and Development Act of 1974, I must express some very serious reservations about the measure as it now stands.

Let me remind my distinguished colleagues that our involvement in subsidized housing evolved from a recognition that adequate housing is not available to all families in this Nation. We have also recognized the need for using Federal programs to supplement the incomes of low-income households living in standard housing who have had to pay an excessive share of their income for rent. It has been stated that even if we were to achieve the housing goals set forth in 1969, which called for creating 6 million housing units, there would still be almost 9 million households in this country that would have to pay more than 25 percent of their income to obtain decent shelter.

According to the U.S. Department of Housing and Urban Developments' own estimates there are 14 million households with incomes below $5,000 who are eligible for housing subsidies, but for whom there is no subsidized housing available. We can assume these families and elderly individuals are occupying housing which is either unsafe, substandard, or which is so costly that they cannot meet other basic needs.

In view of these needs, it is understandable that I am greatly disturbed with the bill's failure to include any authorization for continuing and expanding the one housing program that has provided more than 1 million families with decent shelter. Low rent public housing is the only Federal subsidy program that was designed to meet the housing needs of families with incomes below $5,000.

Admittedly, the public housing program has not advanced smoothly. Criticism of massive high-rise structures and operating costs that rose at a greater rate than the tenant's rent paying ability was justified and did characterize public housing projects. But with legislation passed in 1969 and 1970, which prohibited the construction of high-rise projects—except for the elderly—and authorized subsidized operating costs, Congress gave new potential to public housing as a means of providing decent shelter for this Nation's low income citizens. And finally, in 1970, public housing was improved upon and expanded into flexible programs that permitted turnkey, leasing, the purchase of existing housing and homeownership possibilities.

The effectiveness of such program flexibility was evident in the turnkey program which was used to provide housing for our elderly citizens. Construction under turnkey-elderly was so substantial when the administration impounded housing funds, that we could have solved the elderly housing needs in the next decade if funds had remained unavailable. Perhaps turnkey's best feature, was a utilization of private market forces to fulfill a public need; such a balance, between the private and public sector works well to achieve our housing goals.

While I sincerely hope the new housing assistance program, section 23(h) will prove to be an effective tool for meeting our national housing goals, I cannot concur with the intent of the bill—to rely upon it as the primary mechanism for providing housing assistance.

Although the committee stated its intent that existing programs be utilized to the fullest possible extent should the new program prove to be inadequate, I must reiterate my support for a flexible proved program that is one of many diverse tools available to meet the housing needs of low-income persons.

I must also raise strong objections to the provision in the bill that establishes minimum rents for public housing tenants. Since the Secretary of HUD advises us that less than one-half of 1 percent of public housing tenants pay zero rent, the income to be derived from these families will be insignificant. The fact that we have tenants paying no rent should point out a crisis of income, rather than an opportunity to attach meager incomes. The fiscal problems experienced by local housing authorities will not be greatly affected by this new income. It seems to make more sense to look to the subsidy system already mandated by Congress, rather than to residents of public housing, and to the poorest residents at that, for the additional revenue needed.

Thus, in spite of these serious reservations, my reluctant support for the bill stands.

Mrs. SCHROEDER. Mr. Chairman, although I am voting for passage of H.R. 15361, the Housing and Urban Development Act of 1974, I *do so* with great reluctance. My dissatisfaction with the bill stems primarily from two causes: the community development funding formula which penalizes cities such as Denver which in the past have been active in seeking Federal assistance, and the bill's failure to provide adequately for the housing needs of low-income families.

Under the new community development block grant funding formula, Denver, in the next 6 years, will lose almost one-half of its community development funds. Although the bill does contain a hold-harmless provision for the community development block grants, which replace existing HUD categorical programs such as urban renewal, model cities, open space, and water and sewer grants, the hold harmless does not include model cities beyond their scheduled termination and it is good for only 3 years. In fiscal year 1975, the first year of the new formula program, Denver will receive $16.1 million. In fiscal year 1976 the grant will drop precipitously to $10.9 million, and by the end of the 6-year phasedown to the committee formula,

Denver will be receiving only $8.4 million. More than 100 other cities now actively involved in urban renewal and/or model cities programs will face the same sharp decrease in funding. Although the bill does provide a $100 million discretionary fund to ease transition for these cities, I am concerned that this amount is totally inadequate to meet the transitional needs.

I ask my colleagues why we must penalize those cities which have most energetically tried to improve their neighborhoods by aggressively seeking out HUD assistance grants. In the past 18 months, most cities' federally supported community development programs already have been seriously crippled by underfunding and late funding. In addition, cutbacks in other Federal programs such as housing, health, and education have put severe strains on the State and local resources which might have been used to absorb the various model cities and urban renewal projects. The elimination of the model cities program from the hold-harmless provision, and the failure to continue the hold harmless beyond the 3-year period, will cause a serious setback to these cities already hard pressed in their efforts to maintain a viable urban living environment. We must also remember that these cities were so active in seeking Federal grants, and successful in obtaining them, because of their greater needs. I hope that more adequate safeguards for these affected cities will be provided by the actions of the conference with the Senate.

Mr. Chairman, I am also concerned about the failure of this bill to address the housing needs of low-income families.

The committee bill makes public housing through a revised section 23 leased housing program the only operating housing subsidy program. We should not put our sole reliance on this single untested program, at the expense of existing programs such as construction of low-income public housing and subsidized privately built housing. The conventional public housing programs, though in need of improvements to correct mismanagement and abuse, are workable and should be continued.

Moreover, the new section 23 program would not serve the needs of low-income persons. The average income of tenants in public housing in 1973 was $3,000. The new program would serve families with incomes below 80 percent of the median in each metropolitan area. In the Denver-Boulder metropolitan area, this would mean families with incomes below $9,000, $8,619, based on a 1969 median family income of $10,744. The provision that 30 percent of the units subsidized under the program be set aside for "very low-income families" is deceptive, since "very low income" is defined as half the median income: well above the poverty level and almost double the average income of present public housing tenants.

The new program also uses gross income for determining the amount of rent a family must pay, rather than allowing deductions to reflect the real circumstances of the family, such as the number of minor children and elderly persons to be supported. I feel that the traditional concept of adjusted income should be part of any public housing program.

Finally, the committee's bill does not provide adequate operating subsidies for existing public housing. In 1968 Congress, for the first time, set a rent ceiling of 25 percent of adjusted income, and endeavored to subsidize operating costs. I say endeavored because appropriations for this purpose were systematically impounded by OMB. Public housing officials, attempting in good faith to meet their responsibilities in providing housing for the poor, have been caught in the unenviable position of not being able to charge very low income tenants enough to cover operating costs, and at the same time not receiving enough in operating subsidies from HUD to meet their day-to-day expenses. The results of this impossible situation are apparent in public housing projects throughout the country.

HUD has now, to its credit, recognized the need for operating subsidies, and has requested $400 million for fiscal year 1975, the amount authorized in the committee bill. This amount is clearly inadequate to meet current rising operating costs, to say nothing of accumulated expenses for maintenance which had to be deferred because of past inadequacies in operating assistance.

Mr. Chairman, the veto threat which led the House Rules Committee to reject the omnibus housing bill in 1972, and the President's subsequent suspension of housing subsidy programs in January of 1973 have brought Federal housing efforts over the past 18 months to a virtual halt. I am voting for the bill before us because it does create some new housing. However, the deficiencies I have outlined above are serious, and I can only hope that they will be resolved in conference with the Senate.

Mr. MITCHELL of Maryland. Mr. Chairman, I have listened with a great deal of interest as the proponents of this legislation have expounded its so-called virtues. I have listened as they have suggested that all that cities have to do if they have utilized their categoricals in an efficient way and are therefore forced to take reductions in funding, all that these cities have to do is explain to their unhoused citizens that this legislation gives other cities, that have not shown previous concern about the unhoused, the opportunity to take advantage of Federal funds.

Mr. Chairman, my colleagues, these cities that have not used Federal moneys before are not going to jump at the chance to use them now. Let's be frank. Cities that have used their categoricals efficiently are a long way from doing an adequate job. They have had to cajole and fight and use every imaginable sort of pressure to get the funds that they are now utilizing. And yet, the proponents of this bill are telling us that we should have them cut back just when they are beginning to make headway on their respective housing problems.

The proponents of this bill are telling us that it is a bill that is the best possible bill of our Nation's housing needs. I suggest to you that it most certainly is not. We have some 12.2 million families in this country who are eligible for subsidized housing whose incomes are less than $4,000, but for whom no subsidized housing is available. Does a bill that forces cities that are beginning to make headway on this housing problem to take a reduction in funds begin to address this need? Let's be frank; no it does not.

Legislation that would begin to address these needs would not force reductions in cities that have utilized their categoricals; such legislation would make it incumbent upon cities that have not used their funds to use them.

No, this is not a bill to meet our present housing needs; it is an exclusionary bill, and it is punitive toward those cities that have made progress in the past.

Proponents of this legislation claim as well that it is a bipartisan bill that typifies the best workings of the legislative process. If this is so, I have been completely misled about our legislative system.

From the time the Housing Subcommittee began considerations of this legislation, those of us who have questioned its direction have been told, "Look, we do not like the bill either. We think there is a lot more than we can do. But we have word from the White House that they will veto anything more than what we have here." I challenge my colleagues to tell this House that that attitude was not fostered during the subcommittee and committee deliberations.

What kind of legislating is this. I will tell you. It is legislating of the worst kind. It makes a mockery of the checks and balances foundation of this Government. And more serious than anything else, it is legislating not to the needs of this country, but to the wishes of the executive branch.

My colleagues, we decided in 1968 that we had a serious housing problem in this country. We decided that the Federal Government had a responsibility to provide its citizens with decent and sanitary housing. Are we now being dictated to by the executive branch to forget those decisions? One of the proponents of the bill asked earlier, "If not this legislation, what else?" I will tell you of an alternative. First, we can begin to make this bill a much better bill by changing it to provide more construction and deeper operating subsidies. But if that is too much for this body, we can just defeat the bill.

If you do not like the Senate bill, then we can pass emergency legislation to continue the current program. If you have problems with the current programs, then we can direct the President to stop illegally holding money that we have appropriated and that the courts have held to be unconstitutional.

If this august body does not feel that these are reasonable alternatives, and that this bill is the easiest way to convince the public that we are doing some responsible legislating, then I have a question to ask.

If this bill is enacted and millions who are unhoused continue to be unhoused, and if even more become unhoused because of its exclusionary provisions, knowing of the inflation and unemployment problems that we also face, what are we going to do with the increasing

numbers of unhoused, unemployed urban poor? It seems to me that we are making the problem worse.

In spite of all of these concerns and misgivings, I am going to vote for this bill in the hope that something meaningful and decent will be brought back to the House from conference.

Mr. HANRAHAN. Mr. Chairman, while supporting amendments of great benefits to our senior citizens, I was compelled to vote against the Housing and Urban Development Act of 1974 on the final vote Thursday, June 20, 1974. Although the bill has numerous good features, I have in the past voted against federally subsidized housing and felt I had to vote against this bill because it contains just such a provision. I cannot condone the spending of $1.225 billion of taxpayers' money annually to subsidize rent and housing payments. I feel vehemently that such a tremendous Federal expenditure on subsidized housing should not be allowed, especially in these inflationary times.

I am, however, happy to have been able to support an amendment calling for 75,000 additional units of housing for the elderly and the handicapped. Similarly, I was happy to support an amendment which will prevent rents from being raised when social security payments go up.

Mr. PATTEN. Mr. Chairman, I wish to briefly comment on the legislation presently before the House. The Housing and Urban Development Act of 1974 has been 4 years in the making and I wish to commend my colleagues on the Banking and Currency Committee and the Housing Subcommittee for the exhaustive work which went into this legislation.

Although I will support this bill, it does lack a number of provisions contained in the Senate version, such as direct loans for the elderly, and hold-harmless language in title I. In the case of title I, the committee chose a formula which will act to cut by roughly 50 percent the amount of money which programs such as model cities would receive in the next years. Such a formula runs counter to the original design of the model cities program and leaves many of the programs in financial lurch for their future needs. The Perth Amboy, N.J., administration is currently in its third action year of five, and has already had to search elsewhere for funds to continue its worthwhile programs. The search has been anything but successful. The city of New Brunswick will experience a drop in funds from $1.4 milion to $0.7 million, and other communities such as Edison, Woodbridge and Carteret may find themselves in similar situations.

The Senate version of the HUD bill does contain the hold harmless and other sections ignored by the House counterpart, and it is my hope that they shall prevail in conference.

Mr. Chairman, the following is a letter which I directed to the editor of the Homes News in my district regarding this problem, and which I submit for the RECORD:

CONGRESS OF THE UNITED STATES,
Washington, D.C., May 31, 1974.

The EDITOR,
The Home News,
New Brunswick, N.J.

DEAR EDITOR: During my tenure as Congressman of the Fifteenth District to the House of Representatives, one of my principle interests in the realm of domestic affairs has been that of aiding local governments in the improvement of their services to the community. This includes water and sewer facilities, urban renewal, Model Cities programs and other opportunities open to urban localities for the betterment of the communities.

Major legislation has been developing in Congress, among which is the Housing and Urban Development Act which will replace current funding programs, resulting in potential losses of federal funds of nearly 50% for areas such as Perth Amboy and New Brunswick. My concern over this legislation and its projected deleterious effect on existing programs in the Fifteenth District led me to contact Chairman Patman of the Banking and Currency Committee and Chairman Barrett of the Housing Subcommittee, objecting to those provisions of the bill which would be harmful to Middlesex County communities.

My interests have also been made known to the leaders of those municipalities which would be subject to the greatest disadvantages with the passage of this and other related legislation. Too often has it occurred that the federal government will help finance community development projects and then, at a time when the funds are most needed, announce a discontinuation or "phase-out" of federal support. The rationale is almost always faulty and even constituting a blatant disregard for and abandonment of important local programs.

I have worked on the Appropriations Committee for years, promoting sound spending for community development programs, and I shall continue to do so. However, the primary consideration at this time is the Urban Development Act, which, with considerable effort made by my colleagues and myself, will hopefully be revised so as to not abandon our urban areas.

Sincerely,

EDWARD J. PATTEN.

Mr. YOUNG of Georgia. Mr. Chairman, each of you has received a letter from the National League of Cities and the U.S. Conference of Mayors dated June 20. They recommend support for H.R. 15361. The letter damns the bill with such faint praise that I must agree with its statement but differ with the conclusion I would not want my vote to be construed as endorsing the premise that we must retreat in our commitment to house our poor.

NATIONAL LEAGUE OF CITIES,
U.S. CONFERENCE OF MAYORS,
June 20, 1974.

DEAR CONGRESSMAN: On Thursday, June 20, the House of Representatives is scheduled to take up H.R. 15361, the "Housing and Urban Development Act of 1974." On behalf of the National League of Cities and the United States Conference of Mayors, we wish to urge you to support final passage of this important legislation.

As a result of the long period of Congressional deliberation over the future of our nation's community development and housing efforts, and of the limited commitment of the Administration during this period to the continuation of the present programs, local development and housing activities have been drastically reduced with the corresponding disappearance of vitally needed local capacity to respond to these problems in the future. Congress must act now to enable cities to move ahead again.

The community development and housing legislation reaches the House floor after nearly four years of extensive study and much compromise. Regarding the Community Development section of the bill, passage of a workable block grant program in this area has been the number one legislative priority for the nation's cities for several years. While specific criticism can be made of particular sections—for example, of the funding allocation system—we feel the proposed block grant program is worthy of all support on Thursday. We will continue to work toward improving the program, both with the House-Senate Conferees and in the future with the appropriate Congressional Committees.

In the area of housing, the provisions of the bill dealing with our nation's housing assistance programs are not fully adequate to meet the wide ranging needs of our urban areas. However, we are satisfied that the broader approach taken by the Senate bill in this regard will result in a satisfactory resoluion on the future direction of our housing assistance programs in Conference.

The National League of Cities and the United States Conference of Mayors hope you will approve H.R. 15361 and send it to Conference so that final action by Congress on a compromise bill can occur as soon as possible.

Sincerely,

ALLEN E. PRITCHARD, Jr.,
Executive Vice President, National League of Cities.

JOHN J. GUNTHER,
Executive Director, U.S. Conference of Mayors.

The bill condones the Nixon administration moratorium of section 235 and 236 programs by neglecting to provide any additional contract authority. H.R. 15361 is an administration bill. It broadens and lengthens the duration of the policy of benign neglect. Low-income housing needs under this bill will have to be met by the section 23(h) leasing program. My understanding is that this is a workable program only in selected areas and only given a strong State housing financing agency. Few States presently have such an agency. My own State of Georgia is not one and southern States in general will be hurt by this change.

The philosophy of the administration seems to be to raise the income threshold to exclude persons presently in public housing programs and drive up rents so that those excluded and those remaining will have to pay a greater share of their income—an income that is diminishing by 10 percent per annum via President Nixon's stagflation policy.

I oppose the passage of H.R. 15361 on the basis that the block grant approach in title I is a continuation of the "New Federalist" approach advocated by the Nixon administration and exemplified by the general revenue sharing program. Grants of Federal funds made to State and local governments have gone to operating budgets, property tax cuts, public works construction, but not, in the main, to help the poor. If the experience with general revenue sharing has been disappointing in terms of social programs, the administration's community development scheme will be disastrous.

Community development block grants—Title I—has a hold harmless provision but it does not apply to Model Cities. As a result the city of Atlanta will go from $18,967,000 in fiscal year 1975 to $11,393,000 in fiscal year 1980. Doubtless, our problems will be as great if not greater. Federal funds under this program will be directed to local political units to be used for local purposes with a minimum of Federal guidelines. There is no guarantee that the seven existing categorical grant programs will be funded at previous levels.

If the bill before us fails, I would prefer to see the House adopt the Senate's much more equitable omnibus housing bill S. 13066. Should the House in its wisdom not see fit to take such action, I would respectfullly recommend to my colleagues that a 1-year extension of existing programs including all Model Cities projects would be preferrable to the pending bill.

Mr. BINGHAM. Mr. Chairman, the bill before us today has been more than 6 years in the making. The last comprehensive treatment by the Congress of housing and urban development legislation was in 1968, and since then reform and improvement of the complex Federal laws in this area have been stalled by intense controversy. Highly publicized scandals and corruption in some Federal housing programs, failures in some public housing projects, and the Nixon administration's attempts to scuttle many of the existing Federal housing aid programs have prevented the development of a consensus on the future directions of national housing policy.

While this controversy has raged, the Nation's cities have been struggling for survival. Decent, affordable housing is a necessity for that survival, yet increasing numbers of urban dwellers find it impossible to find such shelter. In the cities of the Northeast, the inadequate supply of housing has driven costs to such a level that many families and individuals must pay 40 to 50 percent of their incomes for housing, and thousands of others live in crumbling, overcrowded buildings. The poor and the elderly are often in desperate conditions, paying more than they can afford for miserable quarters. Public housing for these groups is in inadequate supply and city public housing agencies are in steadily deepening financial crises.

Congressional attempts to step up Federal efforts to correct these massive problems have been stymied by the Nixon administration's determination to abolish many of the most important Federal housing programs and to consolidate others, radically altering the Federal responsibility to provide a decent home and suitable living environment for every American family. It has resisted through the threat of vetoes any reforms or initiatives except its own. More than 10 years of Federal subsidy programs were suddenly terminated and an alternative of direct cash allowances to the poor promised, but not yet provided.

This is the climate in which the bill before us today is being considered. The prime consideration in the Committee on Banking and Currency's drafting of this legislation has been the extent to which existing Federal programs can be retained and improved without inviting a Presidential veto. This is hardly an approach conducive to the major initiatives which the present crisis calls for.

H.R. 15361 consolidates a number of categorical aid programs into a new block-grant community development program which will begin next year. Urban renewal, model cities, neighborhood facilities, open space, water and sewer, and section 312 rehabilitation loan programs are lumped together to make one fund to be used by State and local governments and developers of new towns. Eighty percent of the $8.05 billion authorized for the next 3 years will go to urban areas. This new program is a form of revenue sharing and should allow State and local governments to use these funds guided by their own assessments of local needs and not Federal redtape.

Title II of the bill is a compromise attempt to replace existing housing subsidy programs with a new form of Federal assistance. It is to this section of the bill alone that those concerned with housing the Nation's poor must look for help. I doubt that they will like what they see. It contains a revision of section 23 of the Housing Act of 1937 to add a subsection (a) to subsidize rents and cooperative occupancy charges in newly constructed, substantially rehabilitated, or existing dwelling units. The new section 23 will replace a series of assistance programs established over the last 35 years which the Nixon administration abruptly and unilaterally terminated in January 1973. That action began a decline in the construction of housing for low and moderate income families which continues today, and which this new program is aimed, hopefully not in vain, at reversing.

The subsidy paid to the owner of these dwellings under the section 23 program would be determined by taking the difference between the rent charged and 20 to 25 percent of the tenant's adjusted income. The Secretary of HUD would establish fair market rentals for each housing market area. The maximum rent for a dwelling could not exceed the Secretary's established rentals by more than 10 percent.

Only persons with incomes below 80 percent of the family median income for this area would be eligible for the program. At least 30 percent of the tenants assisted under the program each year must have very low incomes, that is, families whose incomes are less than one-half of the median income for the area.

This is a virtually untested program, and how much new housing it will produce is an open question. And without some changes in the method for determining the subsidy, hundreds of thousands of low-income families will be denied any assistance at all. My colleague from New York (Mr. KOCH) will offer an amendment to provide that the subsidy be determined by taking the difference between the rent charged and 15 percent to 20 percent of the gross income of tenants. This change must be adopted.

Dozens of other amendments to this bill will be offered on the floor today. I will support several of them which are designed to increase subsidies for housing and rents, provide additional funds for public housing, increase the bill's emphasis on rehabilitation of existing dwelling units, and the like. I can only hope that when this bill goes to conference with the Senate, a more progressive measure which will provide more help for hard-pressed low- and middle-income families will be fashioned

Mr. HANSEN of Idaho. Mr. Chairman, I want to commend the Banking and Currency Committee for its diligent and responsible work in developing this legislation. It is a good bill in many respects and addresses some of the problems that exist in our present housing programs.

However, I want to call attention to one aspect of this legislation that causes me concern. Title I establishes a new program of community development block grants starting in 1975 to replace existing HUD categorical programs. Communities that have been funded for community development at a higher rate than the new program's formula allocation are protected from a reduction in Federal aid during the first 3 years of the new program through a hold-harmless provision. However, during the following 3 years, a community's funding level would be phased down to its formula allocation. If enacted into law, this provision would mean a sharp decrease in funding for more than 100 cities now actively involved in urban renewal and model cities programs. For example, it is projected that Boise, Idaho, will have its present funding level cut by more than 75 percent in fiscal year 1980. At the same time, this allocation formula will be a boon for those cities that are not now utilizing Federal community development assistance.

It seems to me that this proposed cutback in Federal support is unwise, especially at a time when so many cities are battling to maintain a healthy urban environment for their residents. I believe that a strengthening of the hold-harmless provision is very much needed, and will make this important legislation more equitable.

Mr. FRASER. Mr. Chairman, I rise to support this bill, but I do so reluctantly.

I know the Banking Committee has worked long and hard at producing a bill which it hopes will gain the widest possible acceptance. In the process, however, I am afraid that too many compromises have been made. The new title I community development block grant program, while providing much needed administrative flexibility for local governments, will result in sharp funding cuts for those cities most actively involved in the current categorical programs. The title II housing assistance provisions fall far short of meeting the needs of those people who are now priced out of the private housing market.

The community development funding formula has been an issue of particular concern to me. Last month, 44 of us in the House urged the Banking Committee to provide additional hold-harmless protection in title I. In a letter to Chairman PATMAN, we said that, in effect, "the committee bill is telling many cities, par-

ticularly those actively involved in urban renewal and/or model cities programs that they must start cutting back local rebuilding efforts when the new title I program is implemented." Unfortunately, the committee did not see fit to revise the formula funding system.

In its report, the committee expresses the hope that major funding cutbacks under the new formula system may be avoided if authorizations increase significantly during the latter years of the new program. But even if the committee's hopes are realized, many communities, at best, will be locked into a static funding level during a period when costs are certain to keep rising.

In the case of my own district, Minneapolis would see its annual community development funding nearly cut in half by fiscal year 1980, even if authorizations rose by 10 percent a year throughout the 6-year life of the program. By 1980, under this bill, Minneapolis in all likelihood would be left with little more than a modest rehabilitation program. Virtually all land acquisition and redevelopment would have come to a halt. Our model cities program, which now directly serves 12,000 inner city residents, would be a thing of the past. Development of new neighborhood facilities, similar to the $2.5 million Urban American Indian Center now under construction in South Minneapolis, would no longer be possible.

Almost immediately after passage of this bill, city officials would have to start concerning themselves with ways of cutting back ongoing programs. The uncertainty about funding levels under the current categorical system would be eliminated, it is true, but this uncertainty would be replaced with the certainty that our funding was moving in only one direction—down.

I realize that the committee has tried to develop an automatic entitlement system which it believes will objectively measure the need for community development support. I am not sure that a complex phenomenon like urban blight can be measured on a statistical basis, however. But if a formula must be included in this bill, then supplementary support can and should be provided for those cities whose entitlement does not adequately meet their needs.

With regard to the housing assistance title of the bill, I am relieved to see that the full committee has modified the minimum rent provisions originally included in the subcommittee bill, and had reinstated the 10-percent deduction from gross income used when computing rents for tenants in elderly public housing. If the committee had not reinstated the 10-percent deduction, older people in public housing would have faced a 10-percent increase in rent during a period when they are already struggling under the burden of a rampant inflation.

I would like to have seen this bill include a provision similar to that in the Senate bill which provides incentive grants to communities that participate in the so-called fair share plans. These regional housing allocation plans provide a way of increasing housing opportunities for low-income people in communities which have excluded them in the past for economic, cultural or social reasons. In the Minneapolis-St. Paul area, our regional government agency, the metropolitan council, has pioneered in the development and implementation of a fair share plan for our seven-county region. When this bill goes to conference, I hope the House conferees will accept section 807 of the Senate bill which encourages the development of regional housing allocation plans.

Mr. Chairman, as I indicated at the outset, I feel that this bill does much less than it should. But in the hope that it can be substantially improved in conference, I intend to vote for H.R. 15361.

Mr. HARRINGTON. Mr. Chairman, today the House will have its first chance in 4 years to consider on the floor, new housing and community development legislation. Two years ago a major housing bill died in the House Rules Committee. Since the last bill, our Nation has suffered from the administration-ordered freeze on housing funds. In my State of Massachusetts, the construction and real estate industries have suffered serious setbacks, as the cutback in Federal housing activity has taken the bottom out of the construction industry.

Partly as a result, Massachusetts has one of the highest statewide unemployment rates in the Nation, and sorely needs the stimulus of renewed Federal funding for housing and community development. And, of course, funds are necessary to relieve the tight housing supply, and to help rebuild our urban areas. A reinstitution of Federal housing and community development efforts can reduce the severe overcrowding in Massachusetts, ease the pressure for rent increases caused by the tight market, and reduce the incidence of substandard housing units. Twenty-five years later, we are still far short from fulfilling the 1949 promise of "a decent home for every American." The importance of getting housing programs moving again cannot be overemphasized.

H.R. 15361 is far from a perfect bill. But, despite my many reservations, I suspect it is the best we can get from the Banking and Currency Committee, as presently constituted, and the best possible in view of the administration's apparent reluctance to support broader, more far-reaching housing and community development legislation.

While H.R. 15361 breathes some new life into our housing programs, I have serious objections and reservations to parts of titles I and II of the bill. By contrast, the Senate-passed bill, S. 3066, is stronger in many respects. It continues some worthwhile HUD public housing and housing support programs—such as the 235 and 236 programs—that would be terminated by this bill. It makes more money available to localities for community development. And, perhaps most important, the guidelines of the Senate bill would insure that assistance would go to those needing the help most—the poor.

The House bill falls short of the Senate version in a comparison of the actual authorization and allocation of community development funds. Although the Senate bill allocates only $6.1 billion, it is over a 2-year period. Hence, the yearly allocation is actually higher than that of the House bill, which authorizes $8.05 billion over 3 years. Since the Senate bill provides almost half a billion dollars more a year, it will better assist in overcoming the delays in community development programs caused by the administration's freeze on most existing HUD programs.

I am greatly concerned by the omission, in the House bill, of community development goals and guidelines. While local program autonomy is very important, it seems to me that without some guidelines we run the risk of wasting part of the community development funds and failing to meet the most pressing needs in our urban areas. Most important, we must insure that these funds go to programs that benefit low- and moderate-income families, and that the funds go into housing and community development programs, not other types of tangential activities—public services like crime prevention, education, and health. While all of these public services are important, they should not be financed out of this housing and community development bill. The Senate bill assures that 80 percent of the funds allocated will "be of direct and significant benefit to families of low and moderate income." I think we need these kinds of limited controls so that the final legislation, while allowing for greater local autonomy, will provide overall program direction and coordination.

Like the Senate bill, H.R. 15361 provides for the consolidation of most existing, categorical-type community development programs into block grants. The programs consolidated include: urban renewal, Model Cities, code enforcement, rehabilitation grants, 312 rehabilitation loans, open space, urban beautification, historic preservation, neighborhood facilities, water and sewer facilities, and NDP—neighborhood development plan.

The advantage of consolidation is that it will increase the flexibility local communities and housing agencies have in dealing with the particulars of local needs. The disadvantage is that there are fewer guarantees than under existing law that the community development funds will be used in the manner most broadly beneficial from the point of view of social welfare.

Perhaps the most complicated issue raised in the bill is that of the allocation formula for community development. The House version bases allocations on certain "objective" criteria—population, overcrowding, and poverty—counted twice. On the other hand, the Senate bill bases allocations totally on the basis of past community development efforts on the part of the individual municipality or locality. Hence, the entire Senate bill is based on a "hold harmless" principle.

There are advantages to both approaches. On the one hand, it seems worthwhile to at least partly base allocations upon objective needs. At the same time, however, we should not effectively "penalize" communities with a history of commitment to community development, as would happen under the

House formula, as the hold-harmless provisions are to phase out beginning 3 years after enactment. Some communities with a history of community development programs would, after 3 years, begin to lose funds, despite their good record.

The House formula is also objectionable in that the allocation criteria fail to include other important measures of community need, such as the condition of existing housing, and the in-migration and out-migration of population.

A further serious weakness of the House bill is the failure to continue the model cities program. Apparently, the Banking and Currency Committee views Model Cities as merely a 5-year program, and H.R. 15361 extends its hold-harmless provisions to Model Cities to cover only the fifth year of any model cities program. Consequently, many highly successful model cities programs will die when their 5-year limits have expired.

The fact of the matter is that Model Cities has been a demonstrated success, and deserves to be continued as a strong, independent program. The original legislation authorizing the program, enacted in 1965, envisaged a 5-year demonstration program. Now that the 5-year period is drawing to a close, it seems to me we ought to be expanding upon model cities, not terminating its independent existence.

As to the housing assistance provisions of the bill, it does seem appropriate to expand the section 23 leased housing program. I am concerned that overreliance on this type of public housing program may be unsuitable for some areas, and may, in some situations, not do enough to encourage the construction of new units. Still, my observations on the failures of existing public housing projects in Massachusetts and in other States suggests that we should try an approach relying more on the private market, and private incentive. Too many existing public housing projects have become unbelievable eyesores, and have fallen apart from abuse. There seems to be little incentive under existing programs for public housing authorities to keep up their developments; what is more, builders are hardly encouraged to quality. If builders and managers have a financial stake in the projects, perhaps more will be successful.

A highly objectionable feature of the public housing features of the House bill, however, is the lack of orientation toward low-income people. Rent increases for many poor people will result from basing rent on "gross" rather than "adjusted" income. What is more, use of gross income disregards such important factors as the size of the family, medical expenses, and other criteria more accurately depicting the relative financial resources of a family.

I support the provision of the Senate bill—often referred to as the Brooks amendment after the distinguished Senator from my State—which sets a ceiling of 25 percent on the amount of adjusted income that a public housing tenant can pay in rent. This is only fair—given that upper middle-income families pay approximately 15 percent of their income for housing. I also object to the House provision that welfare families who receive a specific housing subsidy must put that entire subsidy toward rent. This will cause further rent increases for those families least able to afford them, and exacerbate the existing discrimination between the housing burdens levied the poor as opposed to the rich. In some cases, this particular provision could require families to pay as much as 50 percent of their income for rent.

Another undesirable provision is that section which gives preference to public housing projects in which not more than 20 percent of the dwelling units are involved in assistance payments. This is a clear indication that the bill lacks what I consider to be a desirable emphasis on constructing new housing for the poor. Experience has shown the importance of having developments for more than the poor exclusively; but if we encourage the participation of the poor to only 20 percent, we will fall far short of meeting the acute needs of the poor. I would hope these various provisions discriminating against the poor would be improved upon in the conference committee.

While at this point, after years of frustration, some money is better than no money, let me make it clear that I do not find in this bill the kind of adequate financial commitment to housing and community development which is absolutely necessary for the betterment of society. It is an undeniable fact that no improved housing program strategy will really satisfy the great housing needs of this Nation unless they are adequately funded. The construction of 418,000 units in a 1-year period, which estimates suggest would result from enactment of H.R. 15361, are but a drop in the bucket of what the real needs are. There is not enough money for community development. There is not enough money for public housing. Specifically, there is not enough money for operating subsidies to local housing authorities; $400 million is nowhere near the amount needed to maintain and rehabilitate existing public housing projects, in view of the rising costs of maintenance and the amount of work that has been deferred as a result of the moratorium imposed by the administration.

Enactment of H.R. 15361 would be improvement over the paralysis we see now in Federal housing programs. I will vote for it, despite my serious and numerous reservations, in the hopes of ending the present standstill of community development and public housing. I hope that the eventual House conferees will accept the more desirable provisions of the Senate-passed legislation.

Mr. STOKES. Mr. Chairman, the Housing and Urban Development Act of 1974, H.R. 15361, is an unfortunate victim of legislation overly contaminated by the fear of a veto—"If we do what is needed, it will be vetoed, if we make it too good it will be vetoed." But the housing problems of this Nation cannot be vetoed. And when we are convinced that good legislation is urgently needed, we ought not produce a bill which is only an emasculated version of what is needed.

H.R. 15361 purports to provide a housing program and subsidized housing for the entire income range needing subsidy, a "balanced" program. But however measured, the needs of the poorest families, those who need help the most, are least adequately met. For example, in title I, the community development block grants are determined in large measure by the number of poor people in a locality, and the official definition of poverty is used as a guideline. Grants are set according to a formula based upon population, overcrowded housing, and extent of poverty, with poverty counted twice. The Federal Register of May 24 contained the revised income poverty guidelines, setting $4,550 as the guideline for a nonfarm family of four.

However, HUD's figures show that as of 1972, there were 12.2 million households with incomes below $4,000 presumably eligible for housing subsidies, and only 857,000 or about 7 percent, occupied subsidized housing.

Also, title II of the bill sets aside "at least 30 percent" of the units under the 23(h) program for "very low income families." One would think that "very low income families" would be defined as those with incomes even lower than the poverty definition—say 50 percent of the poverty guideline, or $2,275 for a family of four. Such a definition would make sense in housing terms, as HUD figures show 4.9 million households with incomes below $2,000 of whom only 340,000 live in subsidized units.

Perversely, according to the definition in the bill, very low-income families can have incomes above the poverty level, because very low income is defined as "below 50 percent of the median income for the area." In 1972, median family income for the United States as a whole was $11,116. Half the national median would, therefore, be $5,558 or $1,008 higher than the poverty level. The set-aside for very low-income families under the bill means that roughly half of the eligible families—those with incomes below half of the median—would get only 30 percent of the subsidized units. Yet it is the families at the lowest end of the income scale, however defined, who need help the most. Not only then are the bill's requirements for meeting the needs of the poor inadequate, but they are internally inconsistent as well.

The bill's provisions for operating subsidies are totally inadequate. It should be apparent by now that the implementation of efficient and effective management techniques will not be induced by holding housing projects in a precarious financial state. In far too many of these projects, the price of "economy" has been paid in human terms by the children, families, and older Americans who can least afford the committee bill's inadequate authorization.

The harsh provisions of the Housing Subcommittee bill were softened somewhat as the minimum rent required was changed to 10 percent of gross income—instead of 30 percent of a unit's operating costs—or the amount of a welfare payment earmarked for shelter. But subsequently, the committee showed its true bias toward the urban poor by agreeing

to a minimum rent in rural housing "commensurate to income and not exceeding 25 percent of income." Not only is there the question of equal consideration, but when coupled with the inadequate operating subsidies, one is hard-pressed to determine a commitment to housing the urban poor in the committee legislation. Maybe this superficial concern about the poor reflects a largely held opinion in this country that poor people do not care about housing, and that they are unwilling to pay for it. But the facts, as many in the committee know, are just the opposite. HUD's own figures, as contained in "Housing for the Seventies," show that it is the lowest income families who make the greatest effort to obtain decent housing. A perusal of the median percent of income paid for rent in 1970 by households within the range served by the proposed 23(h) program shows:

Median percent paid for rent

Annual income:	
Under $2,000	64.0
$2,000–$2,999	51.8
$3,000–$3,999	31.8
$4,000–$4,999	26.7
$5,000–$5,999	22.4
$6,000–$6,999	20.2
$7,000–$7,999	16.8

It becomes clear then, that the peripheral concern for the poor in the committee legislation is not based upon a consideration of the housing needs for low-income families or upon a factual determination that this income group deserves to bear more of a burden for their housing than they do currently. If it is just a matter of getting any bill through that the President will not veto, then the committee has done much less than the American people expect from their legislative branch of Government. Because the "balanced" program that this bill purports to create is weighted heavily against the poor, it makes a mockery of our national housing goals of a decent home for every American family.

Mr. REID. Mr. Chairman, I rise to support this bill, although with grave reservations, because I believe we need a housing bill this year and because I do not want to block that possibility.

Twenty-five years ago, Congress passed the Housing Act of 1949, and made a commitment to "a decent home and suitable living environment for every American family."

This bill, unfortunately, does little to carry out that commitment. Hopefully the conference with the Senate version will significantly improve it.

I have grave reservations over much of this bill. I simply cannot believe that abolishing model cities and urban renewal programs, refusing any new contract authority for sections 235 and 236 programs, or setting a regressive new minimum rent requirement while the presently existing maximum rent ceiling is repealed, can really help the poor or near-poor tenant in search of a roof over his head.

I do not endorse the concept of special revenue sharing, and make no mistake about it, that is what this bill is all about. I supported general revenue sharing. I believe that State and local governments are in a tight financial squeeze. But block grants for housing, to be allocated on a local whim subject to the vehement pressures of communities which often do not want new residents, will do little to solve the critical housing shortage or to provide "a decent home and suitable living environment for every American family."

Finally, I am disappointed that the replacement of the block grant approach is not even fully protected by a strong, hold-harmless provision. Cities in the district I represent, in Westchester County, N.Y., will be sharply and often destructively affected.

Yonkers, for instance, will experience a cut in its annual funding from $5.6 million to $2.6 million in fiscal year 1980.

White Plains will be cut from its present level of $3.7 million to a mere half a million dollars in fiscal year 1980.

Mount Vernon will be cut from its present $2.5 million to $1.1 million in fiscal year 1980.

I am hopeful that the conference will improve the hold-harmless and save cities such as these.

I vote for this bill because I am hopeful that our conferees will negotiate with those of the Senate to write a fair and forward looking bill which truly deals with the housing crisis we face.

Mr. DRINAN. Mr. Chairman, since 1937, when the Federal Government first recognized its responsibility to help provide all Americans with adequate housing, Congress has struggled at length to devise a viable solution to this distressing problem. Few would claim that the United States has achieved the laudable objective embodied in the 1949 Housing Act to provide a decent home and suitable living environment for every American family. Many of America's poor remain trapped in crowded, unclean, and unsafe tenements in our cities. The less visible rural poor often live in primitive housing, or drift from job to job with no permanent residence at all. While low-income families suffer most from inadequate housing, the American middle class is not immune to the burdens of rising rent bills and skyrocketing mortgage interest rates.

In 1968, Congress took a giant step toward alleviating the housing crisis by passing an Omnibus Housing and Urban Development Act which provided substantial assistance to both poor- and middle-income American families. The newly enacted sections 235 and 236 of the National Housing Act provided funding to subsidize contractors for building or rehabilitating housing for the middle-income brackets. These programs provided assistance to a large number of persons who had not been eligible for aid under provisions of the 1937 Housing Act still in effect.

Federally assisted housing construction and rehabilitation went on for 5 years after the passage of the landmark 1968 act. America appeared on the way to overcoming its chronic housing deficiency. As we all know too well, this positive trend ended abruptly in January 1973, when the Nixon administration declared a moratorium on funding new public housing construction, rent supplements, housing rehabilitation, and other vital programs administered by HUD. This arbitrary and illegal action impounding funds appropriated by Congress brought progress in this field to a standstill. Even as we consider the bill before us, thousands of applications for Federal assistance in housing construction or rehabilitation submitted by my constituents and yours languish in HUD files awaiting the release of funds frozen by the President. The longer Congress waits before acting on comprehensive housing legislation, the longer the poor, the elderly, the handicapped, the middle-class homeowner, and all Americans in need of Federal assistance must wait to obtain adequate housing.

The HUD bill reported out by the Banking and Currency Committee is deficient in several important respects. First, H.R. 15361 virtually extinguishes sections 235 and 236 which subsidize the construction of single- and multiple-family dwellings for low- and middle-income families. Although the bill allows these programs to continue on an interim basis, it provides them with no additional funding. During the 12 to 18 months while the new assistance programs provided for in section 23(h) are being set up and put into operation, federally subsidized construction and rehabilitation programs will remain at a standstill as they have been since the Nixon moratorium was imposed in January 1973.

Second, section 23(h) establishes a tenant's gross income as the criterion for determining his maximum Federal rent subsidy. This provision is inconsistent with the bill's regulations for existing public housing which set maximum rents of 20 to 25 percent of the tenant's adjusted income. I believe that it is unfair to expect families at the lower end of the income spectrum to spend a much larger portion of their income on housing than well-to-do Americans who live in more comfortable accommodations costing only 10 to 15 percent of their gross incomes. A far more equitable formula would rely upon adjusted income, taking into account such factors as number of dependents, health expenses, and limited earning capacity due to physical disability.

Third, the bill does away with categorical funding of community development programs and substitutes a system of block grants. Under this mechanism, there is no assurance that a community will utilize funds to help those citizens who are in the greatest need of assistance. This provides an opportunity for communities to waste the taxpayers' money on unnecessary projects while

neglecting essential programs if they so choose. I do not believe that the Federal Government should relinquish its role in determining how community assistance funds should be expended.

Despite these and several less significant flaws, H.R. 15361 does provide for a resumption of Federal housing assistance programs with substantial funding. That, in itself, recommends this legislation over the status quo where housing programs have lain dormant for 18 months. The bill also contains important provisions which expand the authority of the FHA to insure mortgages and increase the ceiling on mortgage loans issued by national banks and savings and loan associations. These provisions will provide necessary relief to the middle-class families which have been discouraged from home construction and improvement due to a tight mortgage market and high interest rates.

Finally, the bill contains a prohibition against discrimination on the basis of sex in awarding mortgage loans. This is a small but meaningful step toward the realization of equal rights for women.

I am hopeful that various amendments proposed on the floor today to eliminate the flaws I have discussed and strengthen the HUD Act will succeed. The adoption of such amendments will greatly enhance the quality of this legislation. S. 3066, passed by the Senate on March 11, 1974, would provide greater assistance to low-income families than the bill before us today. The Senate bill contains fewer deficiencies than the House version. I am hopeful that when this legislation emerges from conference, it will be greatly improved over the bill which we vote upon today.

The disparity between the House and Senate housing bills does not justify rejection of H.R. 15361; it merely indicates that we should not accept the bill before us as the final solution to the housing problem. We must act quickly to renew our commitment to provide decent housing for all. That process of renewal can begin only with the passage of H.R. 15361.

Mr. TAYLOR of Missouri. Mr. Chairman, it is my understanding that H.R. 15361 represents many hours of dedicated and painstaking deliberation among housing experts of the legislative and executive branches.

Over a period of many weeks, representatives of the Department of Housing and Urban Development worked closely with the Housing Subcommittee of the Banking and Currency Committee.

It would appear to me that what has emerged is housing and community development legislation of unusual import and opportunity.

I believe one of the most important features of the act to be its approach to distribution of community development funds.

Allocations under the old categorical programs never amounted to sharing according to need. Cities that became expert in the application process walked away with a disproportionate slice of the pie.

The Housing and Urban Development Act of 1974 takes two important steps to remedy that inequitable situation.

First, it simplifies the application process, even while retaining safeguards over the expenditure of allocated funds. The need for grantsmen is considerably reduced, if not eliminated.

And second, the legislation establishes a formula under which need is equitably calculated, taking into account the level of population and the degree of poverty and overcrowded housing.

The Department of Housing and Urban Development estimates that in my own district, the cities of Springfield and Joplin will receive $20,584,000 over a period of 6 years under terms of this vitally important legislation. Similar benefits could accrue to other communities in southwest Missouri eligible to compete for discretionary funding in the nonmetropolitan areas of Missouri.

I believe the time has come to put America's development program on a wiser and more expeditious course, and I therefore strongly recommend enactment of H.R. 15361.

Mr. BLACKBURN. Mr. Chairman, the Housing and Urban Development Act of 1974 was passed by this body on June 20, 1974. It included an authorization of $400 million for operating subsidies for public housing agencies. Supposedly this substantial sum of money will be allocated to pay the difference between rental income and operating expenses.

In other words, after the Federal Government pays for the amortized costs of construction and modernization of public housing units—now in excess of $1 billion per year—it will then pay the sum of $400 million, so that the housing agencies can operate the projects for the year.

In short, the agencies operate the projects according to their own standards, employing personnel in number of their own choosing and expending funds in excess of income with the realization that the Federal Government will pay the deficits.

Let me illustrate the meaning of this:

In the table I am attaching, you will find that the cost of operating subsidies in the year 1971 was $108 million; in 1972, it was $185 million; in 1973, $280 million. Not shown, are the 1974 and 1975 estimates of $350 and $430 million, respectively.

From $108 million per year in 1971 to $430 million per year in 1975 is a 400-percent increase. The Secretary of HUD has stated that the 1975 estimate will probably be too low. The National Association of Housing and Redevelopment Officials places the need in 1975 at $550 million.

Please note from the table:

First, in 1960, with 425,000 units, surplus rental income of $16 million was available to reduce annual Federal debt service payments to 88.9 percent of the total and no operating subsidy was required, but

Second. In 1973 estimates with 1,150,000 units, surplus rental income remains at $16 million and 98.3 percent of the debt service and $280 million in operating subsidy were federally supported.

This breaks down to $14.35 per unit net rental income in 1973, compared to $40.95 in 1963, $93.70 in 1953, and $35.55 in 1943. If one were to adjust these figures in terms of constant dollars, the differences would be even more staggering. It would appear from the figures available that rent makes up only 1.7 percent of the debt service contributions—Uncle Sam makes up the rest.

It must be clear at this point that there will be no limit to this subsidy. The housing agencies have a blank check against the Federal Government and they appear to be making heavy use of it.

Now, we learn that there is another special subsidy for public housing—the Target Projects program was recently announced by HUD as a $100 million effort—not a research project—to improve living conditions in selected projects. The money is being set aside for selected agencies "to improve the physical condition and livability of individual housing projects that are facing serious operational and environmental problems."

So, we are now going to extend a carrot—more money—to encourage improved efficiency in public housing operations.

I am appalled at what I see in the administration of taxpayer supported operations in public housing.

Data supplied by HUD comparing the operations of the 20 largest housing agencies reveals glaring differences in numbers of employees and operating expense per dwelling unit. By any standard, one must doubt the existence of administrative discipline in the open ended taxpayer funding of operating subsidies for public housing.

Before we proceed with more carrot-type approaches, I would like to see efficiency in the administration of these programs demanded by HUD with some effective discipline applied.

I have asked the Secretary of HUD to provide me with additional information concerning the administration of operating subsidies. I want to go on record that there must be an accounting in this matter.

I want to make my point very clear: There must be a limit to this subsidy; there must be an immediate action to invoke administrative discipline, standards of efficiency and sanctions which will turn this tide of ever-increasing costs to the taxpayer. The table referred to follows:

SUMMARY OF LOW RENT PUBLIC HOUSING ANNUAL CONTRIBUTIONS FROM INCEPTION THROUGH JUNE 30, 1973 [1]

Fiscal year	Number of units	Debt service annual contributions [2]	Funds available to reduce annual contributions	Net debt service annual contributions	Percent of debt service annual contributions	Additional subsidies	Grand total net accrued contributions	Average net annual contributions per unit
1941	23,783	$4,747,176		$4,747,176	100.0		$4,747,176	$199.60
1942	68,459	11,258,951	$1,333,060	9,925,891	88.2		9,925,891	144.99
1943	89,240	13,049,252	3,166,370	9,882,882	75.7		9,882,882	110.74
1944	101,951	14,436,885	4,306,888	10,129,997	70.2		10,129,997	99.36
1945	141,596	21,132,572	12,410,272	8,722,300	41.3		8,722,300	61.60
1946	144,095	21,115,314	13,978,579	7,136,735	33.8		7,136,735	49.53
1947	144,095	21,044,261	15,377,631	5,666,630	26.9		5,666,630	39.33
1948	144,603	21,044,003	17,103,597	3,940,405	18.7		3,940,405	27.25
1949	145,785	21,325,747	17,082,754	4,242,993	19.9		4,242,993	29.10
1950	146,549	21,321,123	15,105,911	6,215,212	29.2		6,215,212	42.41
1951	145,703	21,407,882	14,221,701	7,186,121	33.6		7,186,121	49.32
1952	156,084	26,215,103	13,649,116	12,565,987	47.9		12,565,987	80.51
1953	204,815	45,091,505	19,212,357	25,879,148	57.4		25,879,148	126.35
1954	259,116	67,844,328	23,376,836	44,467,492	65.5		44,467,492	171.61
1955	304,383	91,133,962	24,548,099	66,585,863	73.1		66,585,863	218.76
1956	343,907	107,933,030	26,202,984	81,730,046	75.7		81,730,046	237.65
1957	365,896	116,685,509	26,050,696	90,634,813	77.7		90,634,813	247.71
1958	374,172	121,210,830	22,429,416	98,784,414	81.5		98,784,414	264.01
1959	401,467	133,106,635	17,739,971	115,366,664	86.7		115,366,664	287.36
1960	425,850	147,523,103	16,338,787	131,184,316	88.9		131,184,316	308.05
1961	465,481	166,360,866	21,038,913	145,321,953	87.4		145,321,953	312.20
1962	482,714	177,688,594	20,710,651	156,977,943	88.3	$2,329,640	159,307,583	330.02
1963	511,047	192,858,982	20,925,771	171,933,211	89.1	4,548,949	176,482,160	345.33
1964	539,841	211,479,468	25,024,891	186,454,577	88.2	4,441,532	190,896,109	358.62
1965	577,347	238,260,239	25,586,405	212,673,834	89.3	5,242,325	217,916,159	377.44
1966	608,554	256,672,714	29,589,402	227,083,312	88.5	4,917,522	232,000,834	381.23
1967	643,245	282,159,512	28,756,853	253,402,659	89.8	7,638,871	261,041,530	405.82
1968	692,199	323,805,194	27,732,987	296,072,207	91.4	6,094,947	302,167,154	436.53
1969	767,723	391,610,980	26,865,055	364,745,925	93.1	14,869,657	379,615,582	494.47
1970	830,454	464,802,576	23,375,714	441,426,862	95.0	31,463,984	472,890,846	569.44
1971	892,651	540,548,303	22,194,394	518,353,909	95.9	107,999,999	626,353,908	701.68
Subtotal		4,294,877,508	575,436,061	3,719,441,477		189,547,426	3,908,988,903	
1972 [3]	1,013,000	719,000,000	18,000,000	701,000,000	97.5	185,000,000	886,000,000	874.63
1973 [3]	1,150,000	951,500,000	16,500,000	935,000,000	98.3	280,000,000	1,105,000,000	960.87
Total		5,965,377,538	609,936,061	5,355,441,477		754,547,426	5,899,938,903	

[1] Reflects obligations reported at end of each fiscal year.
[2] Includes modernization starting in fiscal year 1970.
[3] Estimated.

Mr. WIDNALL. Mr. Chairman, I have no further requests for time.

Mr. PATMAN. Mr. Chairman, we yield back the balance of our time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by title.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Urban Development Act of 1974".

TITLE I—COMMUNITY DEVELOPMENT BLOCK GRANTS

PURPOSE

SEC. 101. It is the purpose of this title to further the development of a national urban growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid which—

(1) provides assistance on an annual basis, with maximum certainty and minimum delay, upon which communities can rely in their planning;

(2) encourages community development activities which are consistent with comprehensive local and area-wide development planning;

(3) furthers achievement of the national housing goal of a decent home and a suitable living environment for every American family; and

(4) fosters the undertaking of housing and community development activities in a coordinated and mutually supportive manner.

DEFINITIONS

SEC. 102. (a) As used in this title—

(1) The term "unit of general local government" means any city, county, town, township, parish, village, or other general purpose political subdivision of a State or of Guam, the Virgin Islands, or American Samoa; a combination of such political subdivisions recognized by the Secretary; the District of Columbia; the Trust Territory of the Pacific Islands; and Indian tribes, bands, groups, and nation, including Alaska Indians, Aleuts, and Eskimos, of the United States. Such term also includes a State or a local public body or agency as defined in section 711 of the Housing and Urban Development Act of 1970, a community association, or other entity which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 712 of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968.

(2) The term "State" means any State of the United States, or instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.

(3) The term "metropolitan area" means a standard metropolitan statistical area, as established by the Office of Management and Budget.

(4) The term "metropolitan city" means (A) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (B) any other city, within a metropolitan area, which has a population of fifty thousand or more.

(5) The term "city" means (A) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census.

(6) The term "urban county" means any county within a metropolitan area which (A) is authorized under State law to undertake essential community development and housing assistance activities in its unincorporated areas, if any, which are not units of general local government, and (B) has a combined population of two hundred thousand or more (excluding the population of metropolitan cities therein) in such unincorporated areas and in its included units of general local government (i) in which it has authority to undertake essential community development and housing assistance activities and which do not elect to have their population excluded or (ii) with which it has entered into cooperation agreements to undertake or to assist in the undertaking of essential community development and housing assistance activities.

(7) The term "population" means total resident population based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(8) The term "extent of poverty" means the number of persons whose incomes are below the poverty level. Poverty levels shall be determined by the Secretary pursuant to criteria provided by the Office of Management and Budget, taking into account and making adjustments, if feasible and appropriate and in the sole discretion of the Secretary, for regional or area variations in income and cost of living, and shall be based on data referable to the same point or period in time.

(9) The term "extent of housing overcrowding" means the number of housing units with 1.01 or more persons per room based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(10) The term "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(11) The term "program period" means the period beginning January 1, 1975, and ending June 30, 1975, and the period covering each fiscal year thereafter.

(12) The term "Secretary" means the Secretary of Housing and Urban Development.

(b) Where appropriate, the definitions in subsection (a) shall be based on the most recent data compiled by the United States Bureau of the Census and the latest published reports of the Office of Management and Budget available ninety days prior to the beginning of each fiscal year. The Secretary may by regulation change or otherwise modify the meaning of the terms defined in subsection (a) in order to reflect any technical

change or modification thereof made subsequent to such date by the United States Bureau of the Census or the Office of Management and Budget.

AUTHORIZATION TO MAKE GRANTS

SEC. 103. (a) The Secretary is authorized to make grants to States and units of general local government to help finance Community Development Programs approved in accordance with the provisions of this title. The Secretary is authorized to incur obligations on behalf of the United States in the form of grant agreements or otherwise in amounts aggregating such sum, not to exceed $8,050,000,000, as may be approved in an appropriation Act. The amount so approved shall become available for obligation on January 1, 1975, and shall remain available until obligated. There are authorized to be appropriated for liquidation of the obligations incurred under this subsection not to exceed $2,450,000,000 prior to July 1, 1975, which amount may be increased to not to exceed an aggregate of $5,100,000,000 prior to July 1, 1976, and to not to exceed an aggregate of $8,050,000,000 prior to July 1, 1977.

(b) In addition to the amounts made available under subsection (a), and for the purpose of facilitating an orderly transition to the program authorized for this title, there is authorized to be appropriated not to exceed $100,000,000 for each of the fiscal years 1975, 1976, and 1977 for grants under this title to units of general local government having urgent community development needs which cannot be met through the operation of the allocation provisions of section 106.

(c) Sums appropriated pursuant to this section shall remain available until expended.

(d) To assure program continuity and orderly planning, the Secretary shall submit to the Congress authorization requests for the fiscal years 1978 through 1980 not later than February 1, 1976.

APPLICATION AND REVIEW REQUIREMENTS

SEC. 104. (a) No grant may be made pursuant to section 106 unless an application shall have been submitted to the Secretary in which the applicant—

(1) identifies community development needs and specifies both short- and long-term community development objectives which have been developed in accordance with areawide development planning and national urban growth policies;

(2) formulates a program which (A) includes the activities to be undertaken to meet its community development needs and objectives, together with the estimated costs and general location of such activities, and (B) takes into account appropriate environmental factors;

(3) submits a housing assistance plan which—

(A) accurately surveys the condition of the housing stock in the community and assesses the housing assistance needs of lower income persons (including elderly and handicapped persons and persons displaced or to be displaced) residing in or expected to reside in the community.

(B) specifies a realistic annual goal for the number of dwelling units or persons to be assisted, including (i) the relative proportion of new, rehabilitated, and existing dwelling units, and (ii) the size and types of housing projects and assistance best suited to the needs of lower income persons in the community, and

(C) indicates the general locations of proposed housing for lower income persons, with the objective of (1) furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible, (ii) promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons and (iii) assuring the availability of public facilities and services adequate to serve proposed housing projects;

(4) provide satisfactory assurances that the program will be conducted and administered in conformity with Public Law 88-352 and Public Law 90-284;

(5) provides satisfactory assurances that, prior to submission of its application, it has (A) provided citizens likely to be affected by proposed community development and housing activities with adequate information concerning the amount of funds available for such activities, the range of activities that may be undertaken, and other important program requirements, (B) held public hearings to obtain the views of such citizens on community development and housing needs, and (C) provided such citizens an adequate opportunity to participate in the development of the application; but no part of this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of the Community Development Program; and

(6) in the case of an applicant which is a metropolitan city or urban county—

(A) outlines a three-year schedule of anticipated program activities and indicates resources other than those provided under this title which are expected to be made available toward meeting its identified needs and objectives;

(B) provides for the periodic reexamination of program methods and objectives as information becomes available on the social, economic, and environmental consequences of program activities; and

(C) describes a program designed to—

(i) eliminate or prevent slums, blight, and deterioration where such conditions or needs exist; and

(ii) provide improved community facilities and public improvements, including the provision of supporting health, social, and similar services where necessary and appropriate.

(b) The Secretary shall approve an application for an amount which does not exceed the amount determined in accordance with section 106(a) unless—

(1) on the basis of significant facts and data, generally available and pertaining to community and housing needs and objectives, the Secretary determines that the applicant's description of such needs and objectives is plainly inconsistent with such facts or data; or

(2) on the basis of the application, the Secretary determines that the activities to be undertaken are plainly inappropriate to meeting the needs and objectives identified by the applicant pursuant to subsection (a); or

(3) the Secretary determines that the application does not comply with the requirements of this Act or other applicable law or proposes activities which are ineligible under this Act;

except that the Secretary may accept a certification from the applicant that it has complied with the requirements of paragraphs (4), (5), and (6)(B) of subsection (a).

(c) Prior to the beginning of fiscal year 1976 and each fiscal year thereafter, each grantee shall submit to the Secretary a performance report concerning the activities carried out pursuant to this title, together with an assessment by the grantee of the relationship of those activities to the objectives of this title and the needs and objectives identified in the grantee's statement submitted pursuant to subsection (a). The Secretary shall at least on an annual basis make such reviews and audits as may be necessary or appropriate to determine whether the grantee has carried out a program substantially as described in its application, whether that program conformed to the requirements of this title and other applicable laws, and whether the applicant has a continuing capacity to carry out in a timely manner the approved Community Development Program. The Secretary may make appropriate adjustments in the amount of the annual grants in accordance with his findings pursuant to this subsection.

(d) No grant may be made under this title unless the application therefor has been submitted for review and comment to an areawide agency under procedures established by the President pursuant to title II of the Demonstration Cities and Metropolitan Development Act of 1966 and title IV of the Intergovernmental Cooperation Act of 1968.

(e) An application subject to section 104(b), if submitted after any date established by the Secretary for consideration of applications, shall be deemed approved within sixty days after receipt unless the Secretary informs the applicant of the specific reasons of disapproval. Subsequent to approval of the application, the amount of the grant may be adjusted in accordance with the provisions of this title.

(f) Insofar as they relate to funds provided under this title, the financial transactions of recipients of such funds may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

(g)(1) In order to assure that the policies of the National Environmental Policy Act of 1969 are most effectively implemented in connection with the expenditure of funds under this title, and to assure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for particular projects to applicants who assume all of the responsibilities for environmental review, decisionmaking, and action pursuant to such Act that would apply to the Secretary were he to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this subsection only after consultation with the Council on Environmental Quality.

(2) The Secretary shall approve the release of funds for projects subject to the procedures authorized by this subsection only if, at least fifteen days prior to such approval and prior to any commitment of funds to such projects other than for purposes authorized by section 105(a)(11) or for environmental studies, the applicant has submitted to the Secretary a request for such release accompanied by a certification which meets the rquirements of paragraph (3). The Secretary's approval of any such certification shall be deemed to satisfy his responsibilities under the National Environmental Policy Act insofar as those responsibilities relate to the applications and releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

(3) A certification under the procedures authorized by this subsection shall—

(A) be in a form acceptable to the Secretary,

(B) be executed by the chief executive officer or other officer of the applicant qualified under regulations of the Secretary,

(C) specify that the applicant has fully carried out its responsibilities as described under paragraph (1) of this subsection, and

(D) specify that the certifying officer (i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 insofar as the provisions of such Act apply pursuant to paragraph (1) of this subsection, and (ii) is authorized and consents on behalf of the applicant and himself to accept the

jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

COMMUNITY DEVELOPMENT PROGRAM ACTIVITIES ELIGIBLE FOR ASSISTANCE

SEC. 105. (a) A community development program assisted under this title may include—

(1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (C) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (D) to be used for other public purposes;

(2) the acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements—including neighborhood facilities, senior centers, historic properties, utilities, streets, street lights, parking facilities, water and sewer facilities, solid waste disposal facilities, flood and drainage facilities, foundations and platforms for air right sites, pedestrian malls, and walkways, parks, and playgrounds;

(3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area;

(4) clearance, demolition, removal, and rehabilitation of buildings and improvements (including financing rehabilitation of privately owned properties when incidental to other activities);

(5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by program activities under this title;

(7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

(8) provision of health, social, counseling, training, economic development, and similar services necessary to support other approved activities assisted under this title;

(9) payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of the Community Development Program;

(10) relocation payments and assistance for individuals, families, businesses, organizations, and farm operations displaced by activities assisted under this title,

(11) activities necessary (A) to develop a comprehensive plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation; and

(12) payment of reasonable administrative costs related to the planning and execution of community development and housing activities.

(b) In the case of a grant to finance the rehabilitation of privately owned property, the State or unit of general local government shall take appropriate steps to assure that, if the property is sold or transferred by the owner within one year of the date on which the grant was made, the entire amount of the grant shall be repayable to the State or unit of general local government; if it is sold or transferred more than one but not more than two years after such date, at least three-fourths of the amount of the grant shall be repayable; if it is sold or transferred more than two but not more than three years after such date, at least one-half of the amount of the grant shall be repayable; and if it is sold or transferred more than three but not more than four years after such date, at least one-fourth of the amount of the grant shall be repayable. The requirements of this subsection may be waived by the State or unit of general local government where it determines that such waiver is necessary for the execution of the Community Development Program or to avoid hardship to the owner of the rehabilitated property.

(c) Upon the request of the recipient of a grant under this title, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with the rehabilitation of properties as authorized under paragraph (4) of subsection (a).

ALLOCATION AND DISTRIBUTION OF FUNDS

SEC. 106. (a) Of the amount approved in an appropriation Act under section 103(a) for grants in any year (excluding the amount provided for use in accordance with section 107), 80 per centum shall be allocated by the Secretary to metropolitan areas. Except as provided in subsections (c) and (e), each metropolitan city and urban county shall, subject to the provisions of section 104 and except as otherwise specifically authorized, be entitled to annual grants from such allocation in an aggregate amount not exceeding the greater of its basic amount computed pursuant to subsection (b) (2) (3) or its hold-harmless amount computed pursuant to subsection (g).

(b) (1) The Secretary shall determine the amount to be allocated to all metropolitan cities which shall be an amount that bears the same ratio to the allocation for all metropolitan areas as the average of the ratios between—

(A) the population of all metropolitan cities and the population of all metropolitan areas;

(B) the extent of poverty in all metropolitan cities and the extent of poverty in all metropolitan areas; and

(C) the extent of housing overcrowding in all metropolitan cities and the extent of housing overcrowding in all metropolitan areas.

(2) From the amount allocated to all metropolitan cities the Secretary shall determine for each metropolitan city a basic grant amount which shall equal an amount that bears the same ratio to the allocation for all metropolitan cities as the average of the ratios between—

(A) the population of that city and the population of all metropolitan cities;

(B) the extent of poverty in that city and the extent of poverty in all metropolitan cities; and

(C) the extent of housing overcrowding in that city and the extent of housing overcrowding in all metropolitan cities.

(3) The Secretary shall determine the basic grant amount of each urban county by—

(A) calculating the total amount that would have been allocated to metropolitan cities and urban counties together under paragraph (1) of this subsection if data pertaining to the population, extent of poverty, and extent of housing overcrowding in all urban counties were included in the numerator of each of the fractions described in such paragraph; and

(B) determining for each county the amount which bears the same ratio to the total amount calculated under subparagraph (A) of this paragraph as the average of the ratios between—

(i) the population in that urban county and the population in all metropolitan cities and urban counties;

(ii) the extent of poverty in that urban county and the extent of poverty in all metropolitan cities and urban counties; and

(iii) the extent of housing overcrowding in that urban county and the extent of housing overcrowding in all metropolitan cities and urban counties.

(4) In determining the average of ratios under paragraphs (1), (2), and (3), the ratio involving the extent of poverty shall be counted twice.

(5) In computing amounts or exclusions under this section with respect to any urban county there shall be excluded units of general local government located in the county (A) which receive hold-harmless grants pursuant to subsection (h), or (B), the populations of which are not counted in determining the eligibility of the urban county to receive a grant under this subsection.

(c) During the first three years for which funds are approved for distribution to a metropolitan city or urban county under this section, the basic grant amount of such city or county as computed under subsection (b) shall be adjusted as provided in this subsection if the amount so computed for the first such year exceeds the city's or county's hold-harmless amount as determined under subsection (g). Such adjustment shall be made so that—

(1) the amount for the first year does not exceed one-third of the full basic grant amount computed under subsection (b), or the hold-harmless amount, whichever is the greater,

(2) the amount for the second year does not exceed two-thirds of the full basic grant amount computed under subsection (b), or the hold-harmless amount, or the amount allowed under paragraph (1) of this subsection, whichever is the greatest, and

(3) the amount for the third year does not exceed the full basic grant amount computed under subsection (b).

(d) Any portion of the amount allocated to metropolitan areas under the first sentence of subsection (a) which remains after the allocation of grants to metropolitan cities and urban counties in accordance with subsections (b) and (c) shall be allocated by the Secretary—

(1) first, for grants to metropolitan cities, urban counties, and other units of general local government within metropolitan areas to meet their hold-harmless needs as determined under subsections (g) and (h); and

(2) second, for grants to units of general local government and States for use in metropolitan areas, allocating for each such metropolitan area an amount which bears the same ratio to the allocation for all metropolitan areas available under this paragraph as the average of the ratios between—

(A) the population of that metropolitan area and the population of all metropolitan areas,

(B) the extent of poverty in that metropolitan area and the extent of poverty in all metropolitan areas, and

(C) the extent of housing overcrowding in that metropolitan area and the extent of housing overcrowding in all metropolitan areas.

In determining the average of ratios under this paragraph, the ratio involving the extent of poverty shall be counted twice; and in computing amounts under this paragraph there shall be excluded any metropolitan cities, urban counties, and units of general local government which receive hold-harmless grants pursuant to subsection (h).

(e) Any amounts allocated to a metropolitan city or urban county pursuant to the preceding provisions of this section, and any

portions of the remainder of the allocation for a metropolitan area available for distribution pursuant to subsection (d), which are not approved by the Secretary for distribution to such city or county or in such metropolitan area shall be distributed in a timely manner, within the same or the succeeding program period, to State, metropolitan cities, urban counties, and other units of general local government for use, first, in any metropolitan area in the same State, and second, in any other metropolitan area.

(f)(1) Of the amount approved in an appropriation Act under section 103(a) for grants in any year (excluding the amount provided for use in accordance with section 107), 20 per centum shall be allocated by the Secretary—

(A) first, for grants to units of general local government outside of metropolitan areas to meet their hold-harmless needs as determined under subsection (h); and

(B) second, for grants to units of general local government outside of metropolitan areas and States for use outside of metropolitan areas, allocating for the nonmetropolitan areas of each State an amount which bears the same ratio to the allocation available under this paragraph for the nonmetropolitan areas of all States as the average of the ratios between—

(i) the population of the nonmetropolitan areas of that State and the population of the nonmetropolitan areas of all the States,

(ii) the extent of poverty in the nonmetropolitan areas of that State and the extent of poverty in the nonmetropolitan areas of all the States, and

(iii) the extent of housing overcrowding in the nonmetropolitan areas of that State and the extent of housing overcrowding in the nonmetropolitan areas of all the States.

In determining the average of ratios under this paragraph, the ratio involving the extent of poverty shall be counted twice; and in computing amounts under this paragraph there shall be excluded units of general local government which receive hold harmless grants pursuant to subsection (h).

(2) Any amounts allocated to a unit of general local government under paragraph (1)(A) or to a State under paragraph (1)(B) which are not approved by the Secretary for distribution to such unit of general local government or in such State shall be distributed, in a timely manner, within the same or the succeeding program period, to States or units of general local government for use in any nonmetropolitan area.

(g)(1) The full hold-harmless amount of each metropolitan city or urban county shall be the sum of (i) the sum of the average during the five fiscal years ending prior to July 1, 1972, of (1) commitments for grants (as determined by the Secretary) pursuant to part A of title 1 of the Housing Act of 1949; (2) loans pursuant to section 312 of the Housing Act of 1964; (3) grants pursuant to sections 702 and 703 of the Housing and Urban Development Act of 1965; (4) loans pursuant to title II of the Housing Amendments of 1955; and (5) grants pursuant to title VII of the Housing Act of 1961; and (ii) the average annual grant, as determined by the Secretary, made in accordance with part B of title I of the Housing Act of 1949 during the fiscal years ending prior to July 1, 1972, or during the fiscal year 1973 in the case of a metropolitan city or urban county which first received a grant under part B of such title in such fiscal year. In the case of a metropolitan city or urban county program under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966 which has been funded or extended in the fiscal year 1973 for a period ending after June 30, 1973, determinations of the hold-harmless amount of such metropolitan city or urban county shall be made so as to include, in addition to the amounts specified in clauses (i) and (ii) of the preceding sentence, an amount equal to the average annual grant, as determined by the Secretary, made during fiscal years ending prior to July 1, 1972, in accordance with such section; except that such amount shall be added annually only for a number of years which, when added to the number of funding years for which the city or county received grants under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966, equals five. For the purposes of this paragraph the average annual grant under part B of title I of the Housing Act of 1949 or under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966 shall be established by dividing the total amount of grants made to a participant under the program by the number of months of program activity for which funds were authorized and multiplying the result by twelve.

(2) During the fiscal years 1975, 1976, and 1977, the hold-harmless amount of any metropolitan city or urban county shall be the full amount computed for the city or county in accordance with paragraph (1). In fiscal years 1978, 1979, and 1980, if such amount is greater than the basic grant amount of the metropolitan city or urban county for that year, as computed under paragraph (2) of subsection (b), it shall be reduced so that—

(i) in the fiscal year 1978, the excess of the hold-harmless amount over the basic grant amount shall equal two-thirds of the difference between the amount computed under paragraph (1) and the basic grant amount for such year.

(ii) in the fiscal year 1979, the excess of the hold-harmless amount over the basic grant amount shall equal one-third of the difference between the amount computed under paragraph (1) and the basic grant amount for such year, and

(iii) in the fiscal year 1980, there shall be no excess of the hold-harmless amount over the basic grant amount.

(h)(1) Any unit of general local government which is not a metropolitan city or urban county shall, subject to the provisions of section 104 and except as otherwise specifically authorized, be entitled to grants under this title for any year in an aggregate amount at least equal to its hold-harmless amount as computed under the provisions of subsection (g)(1), if, during the five fiscal years ending prior to July 1, 1974, one or more urban renewal projects, neighborhood development programs, or model cities programs were being carried out by such unit of general local government pursuant to commitments for assistance entered into during such five-year period under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966.

(2) In the fiscal years 1978, 1979, and 1980, in determining the hold-harmless amount of units of general local government qualifying under this subsection, the second sentence of subsection (g)(2) shall be applied as though such units were metropolitan cities or urban counties with basic grant amount of zero.

(i) In excluding the population, poverty, and housing overcrowding data of units of general local government which receive a hold-harmless grant pursuant to subsection (h) from the computations described in subsections (b)(5), (d), and (f) of this section, the Secretary shall exclude two-thirds of such data for fiscal year 1978 and one-third of such data for fiscal year 1979.

(j) Any unit of general local government eligible for a hold-harmless grant pursuant to subsection (h) may, not later than thirty days prior to the beginning of any program period, irrevocably waive its eligibility under such subsection. In the case of such a waiver the unit of general local government shall not be excluded from the computations described in subsections (b)(5), and (f) of this section.

(k) The Secretary may fix such qualifications or submission dates as he determines are necessary to permit the computations and determinations required by this section to be made in a timely manner, and all such computations and determinations shall be final and conclusive.

DISCRETIONARY FUND

SEC. 107. (a) Of the total amount appropriated for liquidation of obligations under the fourth sentence of section 103(a) for each of the fiscal years 1975, 1976, and 1977, an amount equal to 2 per centum thereof shall be reserved and set aside in a special discretionary fund for use by the Secretary in making grants (in addition to any other grants which may be made under this title to the same entities or for the same purposes)—

(1) in behalf of new communities assisted under title VII of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968;

(2) to States and units of general local government which join in carrying out housing and community development programs that are areawide in scope;

(3) in Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands;

(4) to States and units of general local government for the purpose of demonstrating innovative community development projects;

(5) to States and units of general local government for the purpose of meeting emergency community development needs caused by federally recognized disasters; and

(6) to States and units of general local government where the Secretary deems it necessary to correct inequities resulting from the allocation provisions of section 106.

(b) Not more than one-fourth of the total amount reserved and set aside in the special discretionary fund under subsection (a) for each year may be used for grants to meet emergency disaster needs under subsection (a)(5).

(c) Amounts reserved and set aside in the special discretionary fund under subsection (a) in any fiscal year but not used in such year shall remain available for use in accordance with subsections (a) and (b) in subsequent fiscal years.

GUARANTEE OF LOANS FOR ACQUISITION OF PROPERTY

SEC. 108. (a) The Secretary is authorized, upon such terms and conditions as he may prescribe, to guarantee and make commitments to guarantee the notes or other obligations issued by units of general local government, or by public agencies designated by such units of general local government, for the purpose of financing the acquisition of real property (including such expenses related thereto as the Secretary may permit by regulation) to serve or be used in carrying out activities which are eligible for assistance under section 105 and are identified in the application under section 104, and with respect to which grants have been or are to be made under section 103, but no such guarantee shall be issued in behalf of any agency designed to benefit, in or by the flotation of any issue, a private individual or corporation.

(b) No guarantee or commitment to guarantee shall be made with respect to any unit of general local government or public agency designated by any such unit of general local government unless—

(1) the Secretary, from sums approved in appropriation Acts and allocated for obligation to the unit of general local government pursuant to sections 106 and 107, shall have reserved and withheld, for the purpose of paying the guaranteed obligations (including interest), an amount which is at least equal to 110 per centum of the difference between the cost of acquiring the land and related expenses and the estimated proceeds to be

derived from the sale or other disposition of the land, as determined or approved by the Secretary, which amount may subsequently be increased by the Secretary to the extent he determines such increase is necessary or appropriate because of any unanticipated, major reduction in such estimated disposition proceeds;

(2) the unit of general local government shall have given to the Secretary, in a form acceptable to him, a pledge of its full faith and credit for the repayment of so much of any amount required to be paid by the United States pursuant to any guarantee under this section as is equal to the difference between the principal amount of the guaranteed obligations and interest thereon and the amount which is to be reserved and withheld under paragraph (1); and

(3) the unit of general local government has pledged to the repayment of any amounts which are required to be paid by the United States pursuant to its guarantee under this section, and which are not otherwise fully repaid when due pursuant to paragraphs (1) and (2), the proceeds of any grants to which such unit of general local government may become eligible for under this title.

(c) The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

(d) The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out his obligations under guarantees authorized by this section. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which such securities may be issued under such Act are extended to include the purchases of the Secretary's obligations hereunder.

(e) Obligations guaranteed under this section may, at the option of the issuing unit of general local government or designated agency, be subject to Federal taxation as provided in subsection (g). In the event that taxable obligations are issued and guaranteed, the Secretary is authorized to make, and to contract to make, grants to or on behalf of the issuing unit of general local government or public agency to cover not to exceed 30 per centum of the net interest cost (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) to the borrowing unit or agency of such obligations.

(f) Section 3689 of the Revised Statutes, as amended (31 U.S.C. 711), is amended by adding at the end thereof a new paragraph as follows:

"(22) For payments required from time to time under contracts entered into pursuant to section 108 of the Housing and Urban Development Act of 1974 for payment of interest costs on obligations guaranteed by the Secretary of Housing and Urban Development under that section."

(g) With respect to any obligation issued by a unit of general local government or designated agency which such unit or agency has elected to issue as a taxable obligation pursuant to subsection (e) of this section, the interest paid on such obligation shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Code of 1954.

NONDISCRIMINATION

SEC. 109. (a) No person in the United States shall on the ground of race, color, national origin, or sex can be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

(b) Whenever the Secretary determines that a State or unit of general local government which is a recipient of assistance under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the Governor of such State or the chief executive officer of such unit of local government of the noncompliance and shall request the Governor or the chief executive officer to secure compliance. If within a reasonable period of time, not to exceed sixty days, the Governor or the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); (3) exercise the powers and functions provided for in section 111 of this Act; or (4) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that a State government or unit of local government is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

LABOR STANDARDS

SEC. 110. All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with grants received under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5): *Provided*, That this section shall apply to the construction of residential property only if such residential property is designed for residential use for eight or more families. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276(c)).

REMEDIES FOR NONCOMPLIANCE

SEC. 111. (a) If the Secretary finds after reasonable notice and opportunity for hearing that a recipient of assistance under this title has failed to comply substantially with any provision of this title, the Secretary, until he is satisfied that there is no longer any such failure to comply, shall—

(1) terminate payments to the recipient under this title, or

(2) reduce payments to the recipient under this title by an amount equal to the amount of such payments which were not expended in accordance with this title, or

(3) limit the availability of payments under this title to programs, projects, or activities not affected by such failure to comply.

(b) (1) In lieu of, or in addition to, any action authorized by subsection (a), the Secretary may, if he has reason to believe that a recipient has failed to comply substantially with any provision of this title, refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted.

(2) Upon such a referral the Attorney General may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to recover the amount of the assistance furnished under this title which was not expended in accordance with it, or for mandatory or injunctive relief.

(c) (1) Any recipient which receives notice under subsection (a) of the termination, reduction, or limitation of payments under this title may, within sixty days after receiving such notice, file with the United States Court of Appeals for the circuit in which such State is located, or in the United States Court of Appeals for the District of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who shall represent the Secretary in the litigation.

(2) The Secretary shall file in the court the record of the proceeding on which he based his action, as provided in section 2112 of title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(3) The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify his findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and he shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also file his recommendations, if any, for the modification or setting aside of his original action.

(4) Upon the filing of the record with the court, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that such judgment shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in section 1254 of title 28, United States Code.

USE OF GRANTS TO SETTLE OUTSTANDING URBAN RENEWAL LOANS

SEC. 112. (a) The Secretary is authorized, notwithstanding any other provision of this title, to apply a portion of the grants, not to exceed 20 per centum thereof without the request of the recipient, made or to be made under section 103(a) in any fiscal year pursuant to an allocation under section 106 to any unit of general local government toward payment of the principal of, and accrued interest on, any temporary loans made in connection with urban renewal projects under title I of the Housing Act of 1949 being carried out within the jurisdiction of such unit of general local government if—

(1) the Secretary determines, after consultation with the local public agency carrying out the project and the chief executive of such unit of general local government, that the project cannot be completed without additional capital grants, or

(2) the local public agency carrying out the project submits to the Secretary an appropriate request which is concurred in by the governing body of such unit of general local government.

In determining the amounts to be applied to payment of temporary loans, the Secretary shall make an accounting for each project taking into consideration the costs incurred or to be incurred, the estimated proceeds upon any sale or disposition of property and the capital grants approved for the project.

(b) Upon application by any local public agency carrying out an urban renewal project under title I of the Housing Act of 1949, which application is approved by the governing body of the unit of general local govern-

ment in which the project is located, the Secretary may approve a financial settlement of such project if he finds that a surplus of capital grant funds after full repayment of temporary loan indebtedness will result and may authorize the unit of general local government to use such surplus funds, without deduction or offset, in accordance with the provisions of this title.

CODE STANDARDS

SEC. 113. Nothing contained in or prescribed under this title, section 101(c) of the Housing Act of 1949, or any other provision of Federal law shall prevent a locality from having and continuing in effect a building, plumbing, electrical, fire prevention, or related code (or provision thereof) embodying standards which, in terms of protecting the public health and safety, are determined by the National Bureau of Standards to be as high as or higher than the corresponding minimum code standards specified by the Secretary of Housing and Urban Development as required to be met in order for such locality to qualify for assistance, certification, or recertification under this title or such section or other provision of Federal law; and any such local standard shall be deemed to satisfy all of the applicable requirements relating to acceptable code standards under this title or such section or other provision.

TRANSITION PROVISIONS

SEC. 114. (a) Except with respect to projects and programs for which funds have been previously committed, no new grants or loans shall be made—

(1) after June 30, 1974, under (A) section 702 or section 703 of the Housing and Urban Development Act of 1965, (B) title II of the Housing Amendments of 1955, or (C) title VII of the Housing Act of 1961; and

(2) after January 1, 1975, under (A) title I of the Demonstration Cities and Metropolitan Development Act of 1966, or (B) title I of the Housing Act of 1949.

(b) To the extent that grants under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966 are payable from appropriations made for fiscal year 1975, and are made with respect to a project or program being carried on in any unit of general local government which is eligible to receive a grant for such fiscal year under section 106 (a) or (h) of this title, the amount of such grants made under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966 shall be deducted from the amount of grants which such unit of general local government is eligible to receive for fiscal year 1975 under such section 106(a) or (h). The deduction required by the preceding sentence shall be disregarded in determining the amount of grants made to any unit of general local government that may be applied pursuant to section 112 of this title, to payment of temporary loans in connection with urban renewal projects under title I of the Housing Act of 1949.

(c) The first sentence of section 103(b) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: ", and by such sums as may be necessary thereafter".

(d)(1) Section 111(b) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended by inserting immediately after the first sentence the following new sentence: "In addition, there is authorized to be appropriated for such purpose such sums as may be necessary for the fiscal year ending June 30, 1975".

(2) Section 111(c) of such Act is amended by striking out "July 1, 1974" and inserting in lieu thereof "July 1, 1975".

(e) Section 312(h) of the Housing Act of 1964 is amended by striking out "October 1, 1974" and inserting in lieu thereof "January 1, 1975".

(f) With respect to the program period beginning January 1, 1975, the Secretary may, without regard to the requirements of section 104, advance to any metropolitan city or urban county, out of the amount allocated to such city or county pursuant to section 106(a), an amount not to exceed 10 per centum of the amount so allocated which shall be available only for use (A) to continue projects or programs referred to in section 114(a)(2) or (B) to plan and prepare for the implementation in such city or county of activities to be assisted under this title.

(g) In the case of funds available for fiscal year 1975, the Secretary shall not consider any application from a metropolitan city or urban county for a basic grant pursuant to section 106(a) or from a unit of general local government for a grant pursuant to section 106(h) unless such application is submitted on or prior to April 1, 1975, in the case of funds available for fiscal years 1976 and 1977, the Secretary shall not consider any application from a metropolitan city or urban county for a basic grant pursuant to section 106(a) or from a unit of general local government for a grant pursuant to section 106 (h) unless such application is submitted on or prior to November 1 of those fiscal years.

LIQUIDATION OF SUPERSEDED PROGRAMS

SEC. 115. (a) Section 3689 of the Revised Statutes, as amended (31 U.S.C. 711), is amended by adding after paragraph (22) (as added by section 108(f) of this Act) the following new paragraph:

"(23) For payments required from time to time under contracts entered into pursuant to section 103(b) of the Housing Act of 1949, as amended, with respect to projects or programs for which funds have been committed on or before December 31, 1974, and for which funds have not previously been appropriated."

(b) The Secretary is authorized to transfer the assets and liabilities of any program which is superseded or inactive by reason of this title to the revolving fund for liquidating programs established pursuant to title II of the Independent Offices Appropriation Act of 1955 (Public Law 81-428; 68 Stat. 272, 295).

EMPLOYMENT OPPORTUNITIES FOR LOWER INCOME PERSONS

SEC. 116. Section 3 of the Housing and Urban Development Act of 1968 is amended by inserting ", including community development block grants under title I of the Housing and Urban Development Act of 1974," immediately after "direct financial assistance".

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of title I be dispensed with, that it be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Are there any amendments to title I? If not, the Clerk will read.

The Clerk read as follows:

TITLE II—ASSISTED HOUSING

HOUSING ASSISTANCE PROGRAM

SEC. 201. (a) Section 23 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(h)(1)(A) In addition to the assistance authorized by subsection (d) of this section, the Secretary may provide assistance on behalf of lower income families in accordance with the provisions of this subsection.

"(B) To the extent of contracts for annual contributions entered into by the Secretary with a public housing agency under section 10 of this Act, such public housing agency may enter into contracts to make assistance payments for the use of existing dwelling units in accordance with subsections (a) through (h) of this section except as modified by this subsection. In areas where no public housing agency has been organized, the Secretary is authorized to enter into such contracts and to perform the other functions assigned to a public housing agency by this subsection.

"(C) To the extent of annual contributions authorizations under section 10 of this Act, the Secretary is authorized to make assistance payments pursuant to contracts with owners or prospective owners who agree to construct or substantially rehabilitate housing in which some or all of the units shall be available for occupancy by lower income families pursuant to the provisions of this subsection. Subject to the provisions of this subsection, the Secretary may also enter into contracts with public housing agencies pursuant to which such agencies may make assistance payments under contracts with owners or prospective owners of units with respect to which such public housing agencies have asssumed or agreed to assume management responsibilities.

"(2)(A) An assistance contract entered into pursuant to this subsection shall establish the maximum monthly rent (including utilities and all maintenance and management charges) which the owner is entitled to receive for each dwelling unit with respect to which such assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically but not less than annually for existing or newly constructed rental dwelling units of various sizes and types in the market area suitable for occupancy by persons assisted under this subsection, except that the maximum monthly rent may exceed 10 per centum but not more than 20 per centum of the fair market rental where the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a State or local housing assistance plan approved pursuant to section 202 of the Housing and Urban Development Act of 1974. Proposed fair market rentals for any area shall be published in the Federal Register with reasonable time for public comment, and shall become effective upon the date of publication in final form in the Federal Register.

"(B)(i) The assistance contract shall provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals established for the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula.

"(ii) The contract shall further provide for the Secretary to make additional adjustments in the maximum monthly rent for units under contract to the extent he determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units which have resulted from substantial general increases in real property taxes, utility rates or similar costs which are not adequately compensated for by the annual adjustment in the maximum monthly rent for such comparable units in the locality in which the units are situated.

"(iii) Adjustments in the maximum rents as hereinbefore provided shall not result in material differences between the rents charged for assisted and comparable unassisted units.

"(C) The amount of the monthly assistance payment with respect to any dwelling unit shall be the difference between not less than 20 per centum nor more than 25 per centum of one-twelfth of the annual income of the family occupying the dwelling unit

and the maximum monthly rent which the contract provides that the owner is to receive for the unit. Reviews of family income shall be made no less frequently than annually (except that such reviews may be made at intervals no longer than two years in the case of families who are elderly or handicapped).

"(D) The assistance contract shall provide that assistance payments may be made only with respect to a dwelling unit under lease for occupancy by a family determined to be lower income family at the time it entered into a dwelling unit, except that such payments may be made with respect to unoccupied units for a period not exceeding sixty days (i) in the event that a family vacates a dwelling unit before the expiration date of the lease for occupancy or (ii) where a good faith effort is being made to fill an unoccupied unit.

"(E) Assistance payments may be made with respect to up to 100 per centum of the dwelling units in any structure upon the application of the owner or prospective owner. Within the category of projects containing more than fifty units and designed for use primarily by nonelderly or nonhandicapped persons, the Secretary may give preference to applications for assistance involving not more than 20 per centum of the dwelling units in a project. In according any such preference, the Secretary shall compare applications received during distinct time periods not exceeding sixty days in duration.

"(F) The Secretary shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

"(G) The Secretary shall prescribe such requirements and procedures as may be necessary or appropriate best to assure that at least 30 per centum of the families assisted under this subsection with annual allocation of contract authority are very low-income families at the time of the initial renting of dwelling units.

"(3)(A) The Secretary shall not contract to make assistance payments with respect to a newly constructed or substantially rehabilitated dwelling unit for a term of less than one month or more than two hundred and forty months. In the case of a project owned by, or financed by a loan or loan guarantee from, a State or local agency, the term may not exceed four hundred and eighty months.

"(B) The contract between the Secretary and the owner with respect to newly constructed or substantially rehabilitated dwelling units shall provide that all ownership, management, and maintenance responsibilities, including the selection of tenants and the termination of tenancy, shall be assumed by the owner (or such entity approved by the Secretary with which the owner may contract for the performance of such responsibilities).

"(C) Assistance provided pursuant to this subsection with respect to the construction or substantial rehabilitation of dwelling units shall not be withheld or made subject to preferences by reason of the availability of mortgage insurance pursuant to section 244 of the National Housing Act or by reason of the tax-exempt status of the bonds or other obligations to be used to finance such construction or rehabilitation or, if such unit is designed to comply with applicable local and State building codes, by reason of the unit's failure to comply with any minimum property standard or other structural code promulgated by the Secretary.

"(D) Nothing in this Act shall be deemed to prohibit an owner from pledging, or offering as security for any loan or obligation, a contract for assistance payments entered into pursuant to this subsection: *Provided*, That such security is in connection with a project constructed or rehabilitated pursuant to authority granted in this subsection, and the terms of the financing or any refinancing have been approved by the Secretary.

"(4) As used in this subsection—

"(A) the term 'lower income families' means those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors;

"(B) the term 'very low-income families' means those families whose incomes do not exceed 50 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families;

"(C) the term 'income' means income from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary;

"(D) the term 'owner' means any private person or entity, including a cooperative, or a public housing agency, having the legal right to lease or sublease newly constructed or substantially rehabilitated dwelling units as described in this subsection;

"(E) the terms 'rent' or 'rental' mean, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

"(F) The term 'project designed for the elderly or handicapped' means a multifamily housing facility specifically designed and equipped with 'related facilities' (as defined in section 202(d)(8) of the Housing Act of 1959) to accommodate the special environmental needs of the intended occupant, which is in support of and supported by the applicable State plan for comprehensive services pursuant to section 134 of title I of the Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 or State and area plans pursuant to title III of the Older Americans Comprehensive Services Amendments of 1973.

"(5) The provisions of sections 2(1) and 15, the provisions of subsection (a)(2) of this section, and any other provisions of this Act which are inconsistent with the provisions of this subsection shall not apply to contracts for assistance entered into under this subsection."

(b) Section 2(2) of such Act is amended by inserting in the third sentence thereof immediately after "section 223 of that Act" the following: "or as defined in section 102(5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1970".

(c) Section 16(2) of such Act is amended—

(1) by striking out "section 23" and inserting in lieu thereof "section 23(d)"; and

(2) by inserting "or the Secretary" immediately after "public housing agency".

(d) Notwithstanding the provisions of section 2(2) of such Act, the term 'elderly or handicapped families' includes two or more elderly or handicapped individuals of the same sex living together, or one or more such individuals living with another person who is determined under regulations of the Authority to be a person essential to their care or well being.

(e) The Secretary shall consult with the Secretary of Health, Education, and Welfare to insure that special projects for the elderly or the handicapped authorized pursuant to United States Housing Act of 1937 shall meet acceptable standards of design and shall provide quality services and management consistent with the needs of the occupant.

LOCAL HOUSING ASSISTANCE PLANS; ALLOCATION OF HOUSING FUNDS

SEC. 202. (a) The Secretary of Housing and Urban Development shall not approve an application or proposal for housing assistance under the United States Housing Act of 1937, sections 235 or 236 of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965 unless the unit of general local government in which the proposed assistance is to be provided and which has a housing assistance plan approved by the Secretary has had a reasonable opportunity to consider the proposed assistance prior to submission of the application or proposal and to certify to the Secretary that such assistance is consistent with a housing assistance plan (approved by the Secretary pursuant to title I of this Act or, in the case of a unit of general local government not participating under such title I approved pursuant to regulations established by the Secretary) or that the assistance, while not consistent with the plan, should be approved for reasons set forth with the certification. If the unit of general local government objects to approval of the application or proposal, and no resolution thereof is effected, the Secretary shall not give that approval unless he determines that the application or proposal is plainly consistent with the housing assistance plan and that such objection, viewed in the context of such plan, is without merit. The Secretary shall advise the unit of general local government in writing of his rejection of such objection and shall provide such unit of government with his reasons at least thirty days prior to such approval and allow an opportunity for response.

(b) The Secretary may, after consultation with appropriate officials representative of units of general local government, approve in regulations exceptions to the requirements of subsection (a) of this section for applications which would involve small amounts of housing assistance. In such cases, the Secretary shall determine whether the applications are consistent with any approved local housing assistance plan.

(c) For areas in which an approved local housing assistance plan is not applicable, the Secretary shall not approve an application for housing assistance unless he determines that there is a need for such assistance and that there is or will be available in the area public facilities and services adequate to serve the housing proposed to be assisted.

(d)(1) In allocating financial assistance under the provisions of law specified in subsection (a) of this section, the Secretary, so far as practicable, shall consider the relative needs of different areas and communities as reflected in data as to population, poverty, housing overcrowding, housing vacancies, amount of substandard housing or other objectively measurable conditions, subject to such adjustments as may be necessary to assist in carrying out activities designed to meet lower income housing needs as described in approved housing assistance plans submitted by units of general local government or combinations of such units assisted under section 107(a)(2) of this Act. The amount of assistance allocated to nonmetropolitan areas pursuant to this section in any fiscal year shall not be less than 20 per centum of the total amount of such assistance.

(2) In order to facilitate the provision of, and long-range planning for, housing for persons of low- and moderate-income in new community developments approved under title IV of the Housing and Urban Development Act of 1968, or of title VII of the Housing and Urban Development Act of 1970, the Secretary shall reserve such housing assistance funds as he deems necessary for use in

connection with such new community developments.

(3) The Secretary may reserve such housing assistance funds as he deems appropriate for use by a State or agency thereof.

AMENDMENT TO MAKE PUBLIC HOUSING AGENCIES ELIGIBLE AS MORTGAGORS UNDER SECTION 221(D)(3) OF THE NATIONAL HOUSING ACT

SEC. 203. (a) Section 221(d)(3) of the National Housing Act is amended by striking out the parenthetical phrase "(and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937)" and inserting in lieu thereof "(and, except with respect to a project assisted or to be assisted pursuant to section 23(h) of the United States Housing Act of 1937, which certifies that it is not receiving financial assistance from the United States exclusively pursuant to such Act)".

(b) With respect to any obligation which is secured by a mortgage insured under section 221(d)(3) of the National Housing Act and which is issued by a public agency in connection with the financing of a project assisted under section 23(h) of the United States Housing Act of 1937, the interest paid on such obligation shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1954.

MINIMUM RENTALS FOR DWELLING UNITS IN LOW-RENT HOUSING

SEC. 204. (a) (1) Section 2(1) of the United States Housing Act of 1937 is amended by inserting immediately after the second paragraph the following new paragraph:

"Notwithstanding the preceding paragraph, the rental for any dwelling unit in low-rent housing shall not be less than the higher of (A) 10 per centum of the gross income of the family occupying the dwelling unit, and (B) if the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated. In addition, in any case where the dwelling units in a project are administered by a public housing agency receiving operating subsidy payments pursuant to the second proviso in section 10(a), the aggregate rentals required to be paid in any year by families residing in such units shall not be less than an amount equal to one-fifth of the sum of the incomes of all such families."

(b) Clause (B) in the second sentence of the second paragraph in section 2(1) of such Act is amended by striking out clause (iii) and inserting in lieu thereof the following: "(iii) 10 per centum of the family's gross income in the case of an elderly family; and".

(c) Section 2(1) of such Act is further amended by striking out the last paragraph.

(d) Section 213(b) of the Housing and Urban Development Act of 1969 is repealed.

(e) To the extent that the amendments to the United States Housing Act of 1937 made by this section require the establishment of an increased monthly rental charge for any family which occupies a low-income housing unit as of the effective date of this section (other than by reason of the amendments relating to welfare assistance payments), the required adjustment shall be made, in accordance with regulations of the Secretary, as follows: (A) the first adjustment shall not exceed $5 and shall become effective as of the month following the month of the first review of the family's income pursuant to section 10(g)(3) of such Act which occurs at least six months after the enactment of this section, and (B) subsequent adjustments, each of which shall not exceed $5, shall be made at six-month intervals over whatever period is necessary to effect the full required increase in the family's rental charge.

MANAGEMENT PRACTICES IN PROJECT OPERATION

SEC. 205. Section 10(g) of the United States Housing Act of 1937 is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(5) the public housing agency shall comply with such procedures and requirements as the Secretary may prescribe to assure that sound management practices will be followed in the operation of the project, including requirements pertaining to—

"(A) the establishment of tenant selection criteria designed to assure that, within a reasonable period of time, the project will include families with a broad range of incomes and will avoid concentrations of low-income and deprived families with serious social problems, but this shall not permit maintenance of vacancies to await higher-income tenants where lower-income tenants are available;

"(B) the establishment of satisfactory procedures designed to assure the prompt payment and collection of rents and the prompt processing of evictions in the case of nonpayment of rent;

"(C) the establishment of effective tenant-management relationships designed to assure that satisfactory standards of tenant security and project maintenance are formulated and that the public housing agency (together with tenant councils where they exist) enforces those standards fully and effectively; and

"(D) the development by local housing authority managements of viable homeownership opportunity programs for low-income families capable of assuming the responsibilities of homeownership."

INCREASE IN PUBLIC HOUSING ANNUAL CONTRIBUTIONS CONTRACT AUTHORITY

SEC. 206. Section 10(e) of the United States Housing Act of 1937 is amended by striking out "and $140,000,000 on July 1, 1973" and inserting in lieu thereof "$400,000,000 on July 1, 1973, and $965,000,000 on July 1, 1974".

INTERIM EXTENSION OF SECTION 235 AND SECTION 236 PROGRAMS

SEC. 207. (a) (1) Section 235(m) of the National Housing Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1975".

(2) Section 236(n) of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1975".

(b) Section 236(1)(1) of such Act is amended by inserting before the period at the end thereof the following: ", and, in addition, by such sums as may be necessary thereafter".

(c) Section 235(a) of such Act is amended by inserting after "this section" at the end of the second sentence the following: "or which mortgages are assisted under a State or local program providing assistance through loans, loan insurance or tax abatement".

PROVISION OF LOW RENT PUBLIC HOUSING FOR AMERICAN INDIANS

SEC. 208. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately before the period the following: "*: And provided further,* That at least $20,000,000 of the total amount of contracts for annual contributions authorized under section 206 of the Housing and Urban Development Act of 1974 shall be available solely for low-rent housing for persons who are members of any Indian tribe, band, pueblo, group, or community of Indians who are recognized by the Federal Government, or Alaska Natives, or Indians who are wards of any State government, except that none of the funds made available under this proviso shall be available for housing in private accommodations under section 23 and, notwithstanding any other provision of this Act, the annual contributions for a project assisted pursuant to this proviso shall be equal to not more than the difference between the sum of the total debt service payment plus approved operating costs and the rental payments that tenants are required to make under section 2(1) of this Act".

PROVISION OF HOUSING ASSISTANCE IN CERTAIN AREAS WHERE ASSISTANCE IS OTHERWISE UNAVAILABLE

SEC. 209. If, after two years from the effective date of this Act, the Secretary of Housing and Urban Development determines that there are any areas of the country where a substantial number of families require housing assistance and no agency or sponsor is providing such assistance, he may act as sponsor, or designate a sponsor, to develop housing to meet this need. No sponsor shall be designated by the Secretary pursuant to this section without the prior approval of the Governor or of the State Housing Agency of the State in which the proposed assisted housing is to be located.

PROVISION OF LOW-RENT PUBLIC HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 210. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately before the period the following: "*: And provided further,* That at least 20 per centum of the total amount of contracts for annual contributions authorized under section 206 of the Housing and Urban Development Act of 1974 shall be available solely for low-income housing for elderly or handicapped persons or families".

Mr. ST GERMAIN (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

AMENDMENT OFFERED BY MR. ST GERMAIN

Mr. ST GERMAIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ST GERMAIN: Page 64, immediately after line 10, add the following new sections:

REVISION OF SECTION 202 PROGRAM FOR ELDERLY AND HANDICAPPED

SEC. 211. (a) Section 202 of title II of the Housing Act of 1959 is amended—

(1) by deleting, in subsection (a)(1), ", consumer cooperatives, limited profit sponsors, or public bodies or agencies" and inserting in lieu thereof "or consumer cooperatives";

(2) by deleting, in subsection (a)(2), ", to any limited profit sponsor approved by the Secretary, to any consumer cooperative, or to any public body or agency" and inserting in lieu thereof "or to any consumer cooperative";

(3) by inserting, after clause (A) of subsection (a)(2), the word "and", by changing the comma which appears at the end of clause (B) of subsection (a)(2) to a period, and by striking the remainder of the subsection;

(4) by deleting, in subsection (a)(3), ", consumer cooperative, or public body or agency" and inserting in lieu thereof "or consumer cooperative"; and

(5) by deleting, in subsection (c)(3), ", cooperative, or public body or agency" and inserting in lieu thereof "or cooperative".

(b) Subsection (a)(3) of section 202 of title II of the Housing Act of 1959 is amended by deleting all that part of the subsection which follows the words "and shall bear interest at a rate" and inserting in lieu thereof "which is not more than a rate deter-

mined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus an allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program."

(c) Paragraph (4) of subsection (d) of section 202 of the Housing Act of 1959 is amended—

(1) by striking the words "a physical" in the second sentence and inserting in lieu thereof "an"; and

(2) by inserting, following the second sentence, a new sentence reading as follows: "A person shall also be considered handicapped if such person is a developmentally disabled individual having a disability attributable to mental retardation, cerebral palsy, epilepsy, or another neurological condition which (i) originates before the individual affected attains age eighteen, (ii) has continued or can be expected to continue indefinitely, and (iii) constitutes a substantial handicap to such individual."

(d) Section 202 of title II of the Housing Act of 1951 is amended by adding at the end thereof a new subsection (f) reading as follows:

"(f) In carrying out the provisions of this section, the Secretary shall seek to assure, pursuant to applicable regulations, that housing and related facilities assisted under this Act will be in appropriate support of, and supported by, applicable plans of a State, the District of Columbia, Puerto Rico and possessions of the United States, or of a subdivision thereof, which respond to Federal program requirements as providing an assured range of necessary services for such individuals (which services may include, among others, health, continuing education, welfare, informational, recreational, homemaker, or counseling or referral services, transportation where necessary to facilitate access to social services, and services designed to encourage and assist recipients to use the services and facilities available to them), including plans approved by the Secretary of Health, Education, and Welfare pursuant to section 134 of title I of the Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 or pursuant to title III of the Older Americans Act of 1965."

(e) (1) There is established in the Treasury of the United States a trust fund to be known as the National Housing Loan Fund for the Elderly and the Handicapped (hereinafter in this subsection referred to as the "fund"). The fund shall consist of—

(A) amounts repaid by borrowers as principal and interest on loans from the fund;

(B) proceeds credited to the fund under paragraph (3) of this subsection;

(C) all amounts repaid by borrowers as principal and interest on loans from the revolving fund established under section 202 (a) (4) of the Housing Act of 1959;

(D) any amounts contained in the revolving fund established under section 202(a) (4) of the Housing Act of 1959 which are not committed on the date of enactment of this subsection; and

(E) receipts from any other source.

All receipts, funds, or other assets and all liabilities of the revolving fund established under section 202(a) (4) of the Housing Act of 1959 (including liabilities arising under loans made under such section) shall become and be assets and liabilities of the fund established pursuant to this subsection, as if such assets and liabilities had been received or incurred pursuant to this subsection, and shall be paid over, held, and accounted for accordingly.

(2) Amounts in the fund shall be available to the Secretary for the purpose of making loans under section 202 of the Housing Act of 1959 and for paying interest on obligations issued under paragraph (3) of this subsection.

(3) To carry out the purposes of this subsection, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount not to exceed $1,500,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued thereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as debt transactions of the United States.

(4) The receipts and disbursements of the fund shall not be included in the total of the budget of the United States Government and shall be exempt from any limitation on annual expenditure or net lending.

SECTION 202 PROJECTS ELIGIBLE FOR ASSISTANCE PAYMENTS UNDER PUBLIC HOUSING LAW

SEC. 212. (a) In determining the feasibility and marketability of a project under section 202 of the Housing Act of 1959, the Secretary shall consider the availability of monthly assistance payments pursuant to section 23 of the United States Housing Act of 1937 with respect to such a project.

(b) The Secretary shall insure that with the original approval of a project authorized pursuant to section 202 of the Housing Act of 1959, and thereafter at each annual revision of the assistance contract under section 23 of the United States Housing Act of 1937 with respect to units in such project, the project will serve both low- and moderate-income families in a mix which he determines to be appropriate for the area and for viable operation of the project; except that the Secretary shall not permit maintenance of vacancies to await tenants of one income level where tenants of another income level are available.

Mr. BARRETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

POINT OF ORDER

Mr. ASHLEY. Mr. Chairman, I rise to make a point of order against the amendment offered by the gentleman from Rhode Island (Mr. ST GERMAIN).

The CHAIRMAN. The gentleman will state his point of order.

Mr. ASHLEY. Mr. Chairman, the gentleman's amendment would create a new national housing loan fund for the elderly and handicapped as a new trust fund in the Treasury. This new trust fund would consist of: First, amounts repaid by borrowers as principal and interest on loans from the fund; second, proceeds credited to the fund under paragraph 3 of this subsection; third, all amounts repaid by borrowers as principal and interest on loans from the revolving fund established under section 202(a) (4) of the Housing Act of 1959, and fourth, any amounts contained in the revolving fund established under section 202(a) (4) of the Housing Act of 1959 which have not been committed at the date of enactment of this provision.

Mr. Chairman, clause 4 of rule XXI of the House of Representatives prohibits the carrying of an appropriation in an authorization bill. Two of the four sources of the new trust fund—items 3 and 4—involve the transfer of assets from the revolving fund established in the Housing Act of 1959 to the new national housing loan fund for the elderly proposed in the gentleman's amendment. The rules of the House clearly prohibit the reappropriation, making available, or diverting of an appropriation or portion of an appropriation already made for one purpose to another.

Therefore, I believe a point of order lies against the amendment.

The CHAIRMAN. Does the gentleman from Rhode Island desire to be heard on the point of order?

Mr. ST GERMAIN. I do, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. ST GERMAIN. Mr. Chairman, we are all aware of the fact that there is a dire need for this type of housing in the country. When I look at my own congressional district, in a city of 48,000 people, we have a waiting list of 600 dating back to 1969. In a city of 98,000 we have a waiting list of 1,100, who are qualified for this housing and who have been waiting on this list, the admission date of which goes back to 1968.

This amendment was proposed to be offered as an amendment to the housing bill in the subcommittee, and was withdrawn. I feel that it is certainly in order because we have the social and moral obligation to these people to provide them with decent, safe, and sanitary housing that they are not able to obtain at this point in time.

I would ask that the point of order raised by the gentleman from Ohio be overruled.

Mr. BROWN of Michigan. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BROWN of Michigan. Mr. Chairman, I can quite concur with what the gentleman from Rhode Island has said regarding the need for elderly housing in this country, and I think that all of the remarks the gentleman has made with regard to the point of order went to the need, and not to the justification of the rules of the House for the amendment to be offered.

I do not think that any of us want in any way to jeopardize housing for the elderly, rather we want to do everything we can to provide adequate housing for the elderly. But I think the section 23(h) program does that. Certainly the gentleman's amendment is not necessary for the reasons stated by the gentleman

from Ohio. The amendment should be ruled out of order.

The CHAIRMAN. Does the gentleman from Rhode Island desire to be heard further on the point of order?

Mr. ST GERMAIN. Mr. Chairman, I just want to state that I was speaking as I did about the need, because I was looking for the Rules of the House to be sprinkled with the milk of human kindness because the need is so dire. And I am very serious.

The CHAIRMAN (Mr. NATCHER). The Chair is ready to rule.

The amendment offered by the distinguished gentleman from Rhode Island (Mr. ST GERMAIN) establishes a trust fund, and into the trust fund would go interest and principal from other revolving funds already established in law. These provisions appear on page 4 of the amendment. This would constitute an appropriation in a legislative bill and would thereby violate clause 4 of rule XXI.

Therefore, the Chair sustains the point of order.

AMENDMENT OFFERED BY MR. KOCH

Mr. KOCH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KOCH: Page 48, lines 22 and 23, strike out "not less than 20 per centum nor more than 25 per centum" and insert in lieu thereof "not less than 15 per centum nor more than 20 per centum".

Mr. KOCH. Mr. Chairman, this amendment offered by myself and on behalf of my colleagues, Messrs. FAUNTROY, HANLEY, MCKINNEY, MITCHELL of Maryland, MOAKLEY, REES, STARK, and YOUNG of Georgia, attempts to deal with the following situation. As the members of the committee know, we have changed the nature of housing so that instead of emphasizing low-income public housing, we are moving into a new leasing program known as section 23. Unfortunately, somewhere along the line we changed the criteria with respect to what we would charge an individual who goes into a public housing apartment as opposed to one who goes into leased housing, although the same economic class of people are involved.

With respect to public housing, what we have done is to provide for an adjusted gross income to determine what shall be paid by the tenant, and the tenant is not required to pay more than 25 percent of the adjusted gross income, which computation allows a certain sum for each child and for medical bills to be deducted from the gross annual salary. We also provide that the minimum to be paid in low-income housing is not less than 10 percent of the actual gross income of the family.

However, when we got into the leasing program, because administration criticisms were made that it is difficult to have an accounting procedure of that kind, we provided that instead there be some flat figures which would apply to the gross income without any adjustments, and the scale ranges from 20 to 25 percent of gross annual income.

The fact is, Mr. Chairman, that that range starts too high. What we should do, if we are to give the same family placed in a rental apartment as opposed to public housing—and it is the same kind of family, and it depends upon that which is available—we should give them some rent comparability. So rather than go into the issue of the accounting problems that the administration has said are too difficult, what I have done in my amendment is to change the range so it would run from 15 to 20 percent of gross income.

I would hope that if we are to deal in a fair way with all the people who are involved that we would accept this amendment.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ASHLEY FOR THE AMENDMENT OFFERED BY MR. KOCH

Mr. ASHLEY. Mr. Chairman, I offer an amendment in the nature of a substitute for the amendment offered by the gentleman from New York (Mr. KOCH).

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. ASHLEY for the amendment offered by Mr. KOCH: On page 48, line 22, strike out "20 per centum" and insert in lieu thereof "15 per centum".

Mr. ASHLEY. Mr. Chairman, although the gentleman from New York makes the right approach to reducing rent payments by reducing the percentage rather than mandating deductions and exclusions from income, I must oppose his amendment.

The amendment actually provides greater deductions for higher income families and lower deductions for the lowest income groups. Under the amendment, an $8,000 income family would receive a $400 reduction in rent annually; a $3,000 income family only $150.

My substitute provides that tenants in 23(h) projects would pay between 15 and 25 percent of their incomes toward rent, rather than 20 to 25 percent. This would give the Secretary discretion to set payments at between 15 and 20 percent of income for those who truly need the extra assistance—very large families, families with exceptionally low incomes or extraordinary expenses of one kind or another.

It would, however, make it possible in the interest of a feasible program to require up to 25 percent of income, particularly where the family size and the income of the tenants permit it.

I would urge the gentleman to support my amendment.

Mr. KOCH. Mr. Chairman, if the gentleman will yield, I want to say this, that in the interest of compromise and accepting the validity of some of the comments made by the gentleman from Ohio with respect to the way this amendment would fall, I would urge support of the amendment offered by the gentleman from Ohio.

Mr. ASHLEY. I appreciate that, and I would like to say to the Members that there has been nobody, but nobody, on the committee or off who has been a greater champion for the interest of the very poor people in this country than the gentleman in the well at this time, the gentleman from New York (Mr. KOCH).

I am very pleased to be able to work out this compromise on a basis that both of us can fully support.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I want to commend both of the gentlemen for having reached this compromise, because I think we recognize the deeper the subsidy the fewer the units that can be helped, but there are situations where the subsidy should be very deep, and the substitute offered by the gentleman from Ohio accomplishes that objective.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, our side has no objection to the substitute amendment, if it would be agreeable to the other side.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I think the colloquy on the floor and the substitute amendment shows the kind of effort at bipartisanship we have had before, and so I can support the gentleman's substitute.

I want to make it clear though for the legislative history that the lower level, the 15 to 20 percent that is discretionary with the Secretary can be used in the cases mentioned by the gentleman from Ohio, where there are those who truly need the extra assistance, the very large families or those with exceptionally low incomes or those having extraordinary expenses of one kind or another.

Mr. ASHLEY. Yes.

Mr. BROWN of Michigan. That being the case, I accept the substitute.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I enthusiastically accept the substitute amendment because this compromise arrangement addresses itself to the very serious problem I spoke about before. I think it is a fair compromise. I wholeheartedly support the substitute amendment.

Mr. ASHLEY. I appreciate very much indeed the gentleman saying that.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. ASHLEY) for the amendment offered by the gentleman from New York (Mr. KOCH).

The amendment in the nature of a substitute was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. KOCH), as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: Section 202 Page 56 line 13 after the "." insert the following: *"Provided,* That the unit of general local government in which the project is to be located has been notified by

the Secretary of his intent to approve the project and has failed to object within 60 days of such notification."

Mr. ROUSSELOT. Mr. Chairman, the committee adopted an amendment to section 202(a) which would limit the ability of the Secretary of Housing and Urban Development to override local objection to a housing project. This limitation would apply in instances where a "housing assistance" plan is established, and would provide that there would be no Secretarial override unless the project is "plainly consistent" with the plan and the objection was "without merit."

However, the amendment did not cover subsection (c) which relates to areas where a housing assistance plan is not applicable. In those instances, the Secretary could approve a project if he finds there is a "need" and that there are adequate public facilities and services. The amendment offered here would add a proviso to subsection (c) which would limit the Secretary's right to locate a project in any locality to instances where the unit of general local government has not objected within 60 days of notification by the Secretary.

I believe that this provides adequate time for local government to respond, and I encourage the adoption of this amendment.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, in the version we have, it refers to 30 days.

Mr. ROUSSELOT. It is 60 days. I am sorry that I did not have a chance to correct all the copies. The actual amendment says 60 days.

Mr. MOORHEAD of Pennsylvania. What if the community does object? What can the Secretary do then?

Mr. ROUSSELOT. The point is, the Secretary then has the benefit of learning what those objections are. It provides time for the local community to respond within a 60-day time and I believe that is an appropriate time for the local community to respond.

Mr. MOORHEAD of Pennsylvania. Then, after the Secretary studies the problem and tries to adjust his program, then he can proceed?

Mr. ROUSSELOT. That is correct.

Mr. MOORHEAD of Pennsylvania. So the Secretary retains the power?

Mr. ROUSSELOT. The Secretary still retains basic control which the rest of the law gives him. This at least gives the local unit of government an opportunity to make its objections known, and then all other aspects of the law apply.

Mr. MOORHEAD of Pennsylvania. I think the gentleman's explanation helps me.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, this is strictly a procedural mechanism which does not affect the ultimate authority of the secretary.

Mr. ROUSSELOT. No, but I think it is important to make sure that we give the local community time to respond and this makes it clear in the law, in this subsection, that the Secretary must be subject to at least that much input.

Mr. ASHLEY. Mr. Chairman, I think the gentleman's amendment is a constructive one, and I certainly would support it.

Mr. ROUSSELOT. I appreciate the gentleman's comment.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I know that there seems to be general agreement on this amendment, but the amendment that has been discussed on the floor is not consistent with the language of the amendment, in my opinion.

If the Members will look at the bill where the amendment occurs, it speaks of approval by the Secretary of applications for housing assistance in areas in which there is not an approved housing plan, and grants to the Secretary the authority to approve.

Then the amendment would add a proviso which says:

Provided that the unit of local government in which the project is to be located has been notified by the Secretary of his intent to approve the project and has failed to object within sixty days of such notification.

That has been changed to "30 days," as I understand. In any case, the language would appear to say that the Secretary shall not approve such application if objection is heard by the local community within a certain number of days.

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, the period is 60 days, so that we are talking about the same thing.

Mr. BROWN of Michigan. Sixty days is it now?

Mr. ROUSSELOT. It says "60 days" in the amendment I have offered. I do not know what amendment at which you are looking.

Mr. BROWN of Michigan. All right, but the gentleman, by his language, as I understand it, does not intend to give a community veto power over the secretarial determination; isn't that correct?

Mr. ROUSSELOT. That has already been established in our colloquy. I think I did establish that the purpose is to make sure that there is local input and that they have at least 60 days to submit those objections. Again, this is an amendment for the protection of local government. That is what we are trying to do. I believe the language is pretty carefully drawn.

Mr. BROWN of Michigan. Mr. Chairman, what the gentleman means is that the Secretary shall give the community 60 days in which to comment, is that correct, or in which to raise objections?

Mr. ROUSSELOT. Yes—to submit objections.

Mr. BROWN of Michigan. Or in which to raise objections?

Mr. ROUSSELOT. Yes.

Mr. BROWN of Michigan. However, the Secretary is not required in any way to honor that objection?

Mr. ROUSSELOT. That is correct.

Mr. BROWN of Michigan. Under that explanation, I cannot oppose the amendment, but I do object to its drafting.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. KETCHUM

Mr. KETCHUM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KETCHUM: On page 64, after line 10, insert the following new section;

CERTAIN AMOUNTS TO BE DISREGARDED IN DETERMINING ELIGIBILITY

SEC. 211(a) That section 15 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(13) Notwithstanding any other provision of law, social security benefit increases occurring after June 1974 shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility of any individual or family for admission to or occupancy of low-rent housing, or for purposes of determining the amount of the rental which any individual or family is required to pay for his or its accommodations in such housing. For purposes of this paragraph, the term 'social security benefit increases occurring after June 1974' means any part of a monthly benefit payable to an individual under the insurance program established under title II of the Social Security Act which results from (and would not be payable but for) a cost-of-living increase in benefits under such program occurring after June 1974 pursuant to section 215(i) of such Act, or any other increase in benefits under such program, enacted after June 1974, which constitutes a general benefit increase within the meaning of section 215(i)(3) of such Act."

SEC. 211(b). Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"CERTAIN BENEFIT INCREASES TO BE DISREGARDED IN DETERMINING FEDERAL HOUSING SUBSIDIES

"SEC. 525. Notwithstanding any other provision of law, social security benefit increases occurring after June 1974 shall not be considered as income or resources or otherwise taken into account for purposes of determining—

"(1) the eligibility of any individual or family for mortgage insurance or assistance payments under section 235, or the amount of any such payments;

"(2) the eligibility of any individual or family for admission to or occupancy of housing with respect to which assistance payments are being made under section 236, or the amount of the rental to be charged such individual or family for his or its accommodations in such housing;

"(3) whether or not any individual or family is a 'qualified tenant' for purposes of rent supplement payments under section 101 of the Housing and Urban Development Act of 1965, or the amount of such payments; or

"(4) the eligibility of any individual or family for housing assistance under any other Federal law or program which conditions such eligibility to any extent upon income or resources, or the amount or extent of such assistance.

For purposes of this section, the term 'social security benefit increases occurring after June 1974' means any part of a monthly benefit payable to an individual under the insurance program established under title II of the Social Security Act which results from (and would not be payable but for) a cost-of-living increase in benefits under such program occurring after June 1974 pursuant to section 215(i) of such Act, or any other increase in benefits under such program, enacted after June 1974, which constitutes a

general benefit increase within the meaning of section 215(i)(3) of such Act."

SEC. 211(c). The amendments made by this Section shall apply with respect to determinations made on or after the date of the enactment of this Act.

Mr. KETCHUM (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KETCHUM. Mr. Chairman, I rise today to offer an amendment to H.R. 15361, the Housing and Urban Development Act. I believe that this amendment will correct a serious flaw in the current housing laws that causes great hardships for our senior citizens.

In nearly all HUD subsidized housing programs the amount of rent to be paid is calculated as a fraction of income. The minimum rent is strictly fixed by statute. Under section 236, for example, eligible families pay either 25 percent of income for rent or a basic rent based on the costs of operating the project. The legislation which controls low-rent public housing programs, the Brooke amendment to the Housing Act of 1937, limits rent to 25 percent of income, and rigidly defines "income" as the total income a family receives, regardless of its source. Of course, such a definition includes social security benefits as a component of income, as well as the cost of living increases in benefits which may be voted periodically by the Congress.

At the present time 6.2 million persons over the age of 60 live alone. Senior citizens occupy fully 37 percent of all public housing units. Over 348,000 units of low rent public housing are specifically designed for the use of the elderly. Over 50,000 units of section 235 mortgage assistance housing are approved for senior citizens, and 20,000 units of section 236 housing are so designated. The total units of federally subsidized housing of one form or another, occupied by senior citizens is over 550,000. I include a breakdown of these programs in the CONGRESSIONAL RECORD for my colleagues to consider, for which I ask unanimous consent to be placed in the RECORD at this point.

I think that it should be obvious that a great many older Americans depend upon public housing for a roof over their heads. These same citizens also depend upon their social security payments for the lion's share of their income.

Last year this Congress realized that the current rampant inflation takes a terrible toll on our elderly who live on a fixed income. Therefore, we quite rightly granted an 11 percent increase in social security payments. This was for the express purpose of helping to offset the unprecedented rise in food and other costs that occurred in the last year. Because of the archaic laws governing housing, this additional income has caused rents in public housing to be raised, thus actually adding to the senior citizens' cost of living.

I have here a letter, which I will include, from the Assistant Secretary of Housing and Urban Development, in which he states that for every $4 of additional income, rent goes up $1. This translates into a 25 percent raise in rent for an 11 percent raise in social security benefits. This is an outlandish thing to do to our senior citizens. It amounts to government giving with one hand and taking away with another. It must be stopped.

We can do so by adopting my amendment to this bill. It simply states that future cost of living increases in social security will not be used in determining income for rent in public housing or federally subsidized mortgages, or for eligibility in these programs. Its adoption will keep us from hypocritically making money on increases meant to help the elderly. I am sure none of us voted for social security increases only to have them gobbled up by HUD. We can put a stop to it by voting for this amendment.

The material referred to is as follows:

PUBLIC HOUSING UNITS OCCUPIED BY SENIOR CITIZENS

I. STATISTICS

A. Senior citizens occupy 37% of all public housing units.

B. Approved units specifically designed for the elderly:

Public Housing	348,730
Section 202 suspended in 1959	45,494
Section 236 (fiscal year '72)	21,832
Section 202–236 conversions	27,488
Section 221(d)(3) (fiscal year '72)	8,900
Section 231	49,053
Section 235 (approx.)	50,000
Total	551,467

II. DESCRIPTION OF PROGRAMS

A. Sec. 202—Direct 3% loan over a 50-year period for non-profit sponsors to construct units for moderate income elderly and handicapped persons. Suspended in 1969.

B. Sec. 235—FHA insured mortgage and subsidy program for home ownership.

C. Sec. 236—Loan subsidy made to mortgage of rental and cooperative housing projects owned by non-profit, limited dividend, or cooperative entities.

D. Sec. 221(d)(3)—Direct loans at below market interest rates. Suspended in 1969.

E. Sec. 231—Mortgage insurance.

F. Public Housing—Through assistance to local housing authorities.

G. Rent Supplements—Paid by federal government to landlord and represents the difference between rent charged and 25% of the tenant's income. Used for units in 236 projects.

H. Sec. 115—Housing Rehabilitation grants and loans.

HUD PROGRAMS FOR THE ELDERLY, DECEMBER 1972

Program	Housing units under subsidy payment, all categories (elderly and family)	Occupied housing units elderly (head of family or spouse age 62 or over)	Elderly family residents (most recent data)						Estimated Federal subsidy outlay in millions	
			Mean rent (monthly)		Mean income (annual)		Occupancy (by race, percent)		Fiscal year 1973	Fiscal year 1974
			Single	Family [1]	Single	Family [1]	White	Black		
236	134,000	[2] 25,460	$83.18	$105.33	$2,857	$4,465	74	20	$19.95	$35.72
Low rent public housing	1,015,000	[2] 355,250	36.02	49.40	1,676	2,710	42	46	388.50	437.50
Rent supps. 221(d)(3)	104,000	[2] 32,240	48.16	59.91	1,727	2,708	50	42	36.27	48.67
Total	1,253,000	412,950							444.82	521.89

[1] 2 or more.

[2] Based upon sampling which indicates that 19 percent of 236 units, 35 percent of LRPH units, and 31 percent of rent supplement units are occupied by elderly.

Note: For comparison—Sec. 202:—335 projects provide 45,494 units, occupied by elderly, displaced, and handicapped, income limits (at time of occupancy) now same as 236. Racial mix: 93.5 percent white, 4.2 percent black. In assessing HUD performance in support of housing for the elderly, the data reveals that 30 percent of the subsidized housing units (412,950 out of 1,253,000) now under payment (management) are occupied by elderly persons with head of family or spouse age 62 or over. Using sample data verifying the average elderly family size at 1.64 persons, it can be estimated that 650,000 elderly persons are now being served. Annual Federal outlays for housing for the elderly have increased 250 percent since 1968, from $187,500,000 in 1968 to $444,820,000 estimated for 1973. An additional increase of $77,070,000 is anticipated for 1974.

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT,
Washington, D.C.

Hon. WILLIAM KETCHUM,
House of Representatives,
Washington, D.C.

DEAR MR. KETCHUM: Secretary Lynn has asked me to respond further to your February 19 letter, concerning rent increases as a function of increases in Social Security benefits.

In most HUD subsidized programs, the amount of rent paid by assisted tenants is expressed as a fraction of income, subject to statutory minimum and market rate maximum levels. Under Section 236, for example, eligible families pay either 25% of income for rent or a basic rent (a minimum rent based on the costs of operating the project with payments to principal and interest in a hypothetical 1% mortgage), whichever is greater.

Incomes are recertified annually in most cases to assure that as incomes rise—or fall—the rental payment can be adjusted to reflect any changes while holding the rent as close as possible to 25% of income. In calculating rent as a function of income, all income must be considered regardless of source. Therefore, cost-of-living increases—whether attributable to salary increases based on longevity, increases in Social Security benefits, or renogotiated wage pacts—are included in the formula under which rent (a cost of living) is determined.

Under the Low Rent Public Housing program, a federally subsidized program administered almost totally by local housing authorities, some projects may include in their lease provisions for "interim reexaminations," recertifications of income on other than an annual rotation, in order to relate rents even more closely to short-term variations in income. Under the so-called Brooke Amendments to the U.S. Housing Act of 1937,

the legislation controlling operation of the low-rent public housing program, rents are limited to a maximum of 25% of income, and "income for rent" is very rigidly defined in the statute.

To summarize, then, it is very probable that increases in income—including increases in Social Security benefits voted by the Congress—will result in increases in rent to tenants in HUD subsidized apartments. These rent increases may take effect almost immediately when some local housing authorities require interim recertifications in their leases, but the more usual case is that the adjustment will occur on the anniversary date of the initial lease, when all income is reexamined for changes (up or down) during the past year. In no event, though, would such a rent increase cancel out an increase in income; rent adjustments as a function of income changes would never exceed the rate of a one-dollar increase in rent for every four dollars of incremental income.

Thank you for the opportunity to comment on this matter. I hope that this information will be helpful to you in responding to constituents' inquiries.

Sincerely,

ROBERT C. ODLE, Jr.,
(*For H. R. Crawford, Assistant Secretary*).

Mr. RINALDO. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from New Jersey.

Mr. RINALDO. Mr. Chairman, as a member of the House Banking and Currency Committee, I am pleased to join my colleague from California in sponsoring this amendment.

It would prevent future increases in social security payments from triggering rent increases in public housing projects.

It would correct a serious flaw in the current housing law that causes great hardship for senior citizens. In nearly all subsidized public housing programs, the amount of rent to be paid is calculated as a fraction of income. Under existing law, social security benefits are counted as income. As a result, the 11-percent increase in social security benefits caused many older Americans to pay more rent.

This amendment to the Housing bill would prevent future social security increases from being counted as income for the purpose of determining rent payments.

Basically, this amendment would stop the Government from giving more money to senior citizens in the form of higher benefits and then taking their precious dollars away in the form of higher rents.

I have become very concerned about the way we seem to penalize the elderly. Whether it is the failure of the Congress to approve adequate passthrough provisions to social security increases or the unfair earnings test on social security that we demand of older Americans, all have the effect of giving with one hand and taking away with the other.

Since coming to Congress, I have made the improvement of conditions for the elderly one of my highest priorities. I have introduced legislation to remove the $2,400 earnings limitation on salary for social security recipients and a bill to exempt from FICA withholding taxes income earned by social security recipients.

It is the retired people living on a fixed income who are most seriously hurt by inflation, and we in Congress must see to it that they have a chance to live a decent life in this age of ever-increasing costs.

The amendment that is currently before the House gives us a chance to help those elderly who are at the lower end of the economic scale—the older citizens who need help the most. More than 35 percent of all individuals living in public housing are senior citizens. Each time they receive an increase in social security benefits, they find to their dismay that the money causes their rents to be increased—rather than provide them with the help they need in keeping up with the high cost of food, clothes and other necessities.

I was astounded to read the letter which the gentleman from California has inserted into the RECORD from the Assistant Secretary of Housing and Urban Development. The letter showed that the 11-percent increase in social security benefits caused a 25-percent increase for older people living in public housing. This is simply inexcusable.

I am a sponsor of the housing bill we are discussing here today, and I feel that the chairman and ranking minority member of the Housing Subcommittee deserve a great deal of praise for the spirit of compromise they have exhibited. The bill should go a long way in helping to improve our Nation's housing situation. I am convinced, however, that this amendment will make the housing bill an even better piece of legislation—one that will provide meaningful assistance to the older Americans who have been hurt so cruelly by the high inflation we are currently experiencing.

For these reasons, I seek your support for this amendment to remove future social security increases from the gross income provision of this bill, and I urge the House to approve this amendment.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman.

Mr. STEPHENS. I have been very interested, as the gentleman realizes, in rural housing. I am not sure, but I do not believe the gentleman's amendment would cover rural housing. Would it?

Mr. KETCHUM. No, it would not.

Mr. BROWN of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will not take the 5 minutes, but I would merely like to point out to the gentleman in the well, the sponsor of the amendment, that there are many other increases in benefits, such as railroad retirement benefits and others, that this amendment would discriminate against in permitting increases in social security benefits to be exempted from the gross income upon which the rental floor is placed but not others.

I remind the gentleman that insofar as conventional public housing is concerned the minimum rent provision in the bill is 10 percent, which is a very significant compromise, I think, toward that which many have advocated. The floor for section 23(h) units has now been lowered by the amendment that was adopted earlier today, the amendment offered by the gentleman from New York (Mr. KOCH) down to 15 percent in exceptional cases.

It seems to me we should treat everyone equally and fairly. To exempt one particular area of ability to pay from a determination as to what the minimum rent should be is unfair and discriminatory.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it should be understood that at the present time some one-third of the people who live in public housing are elderly, many of whom are indeed on social security. If this amendment is adopted—and I trust it will not be—it would mean that these inhabitants of public housing and future residents of public housing who are on social security would be able to exclude from their income any increase in social security benefits after June of 1974 for purposes of public housing eligibility and the amount of rent that they pay. What this means is that there would be a partial rent freeze for this particular segment of social security recipients who happen to live in public housing.

This amendment is offered at the very time when operating subsidies have risen in public housing to the figure of $400 million a year. We are saying, despite that fact and despite the effort to keep the total subsidy for public housing within some kind of manageable proportions, we are going to set up a system whereby some recipients of social security, those who happen to be in public housing, are given a superior position over other recipients of social security who do not happen to be in public housing.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Not yet. Let me complete my statement.

Mr. Chairman, this amendment is patently discriminatory, and the amendment is patently inequitable because it does favor some social security recipients as against others, and that is the least of the objections that I have against the amendment.

Mr. HANNA. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. HANNA. Mr. Chairman, I would like to associate myself with the comments made by the gentleman from Ohio, and I would like to ask the gentleman this question: Do we not increase the social security payments to meet the increased costs of living?

Mr. ASHLEY. That is correct; that is one of the elements in the cost-of-living increases. Why in heaven should not the recipient pay a modest amount more when the benefits are increased?

Mr. HANNA. We cannot possibly go in two directions in this country. If we go in one direction to increase these benefits to pay the increased costs in living, we cannot say at the same time that they do not have to meet the increased costs in rent.

Mr. ASHLEY. I might further point

out that there is a minimum rent charge as well as a maximum rent charge, so that the parameters are established. There is no need for this amendment. I would urge this amendment be rejected.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I am happy to yield to the gentleman from Pennsylvania.

Mr. MOORHEAD of Pennsylvania. Is the gentleman familiar with the supplemental views of Congressmen WIDNALL, JOHNSON of Pennsylvania, and others which reveal that in the subcommittee they were concerned with the elderly, and where they said in those supplemental views:

We are pleased to acknowledge and highlight many special considerations for the elderly and the handicapped which are extended throughout the bill, but not emphasized in the report.

I thank the gentleman for yielding.

Mr. ASHLEY. I appreciate the contribution of the gentleman from Pennsylvania.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. KETCHUM).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. KETCHUM. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 285, noes 114, not voting 34, as follows:

[Roll No. 309]

AYES—285

Abdnor	Clay	Goodling
Abzug	Cleveland	Grasso
Addabbo	Cochran	Gray
Alexander	Cohen	Green, Oreg.
Anderson, Calif.	Collins, Ill.	Green, Pa.
Andrews, N.C.	Conlan	Gross
Andrews, N. Dak.	Conte	Grover
Ashbrook	Conyers	Gubser
Aspin	Corman	Gude
Badillo	Cotter	Gunter
Bafalis	Coughlin	Guyer
Baker	Crane	Hamilton
Bauman	Cronin	Hammer-schmidt
Beard	Culver	Hanley
Bell	Daniel, Dan	Hanrahan
Bennett	Daniel, Robert W., Jr.	Harrington
Bergland	Davis, S.C.	Harsha
Bevill	de la Garza	Hébert
Biaggi	Delaney	Hechler, W. Va.
Biester	Dellums	Heckler, Mass.
Bingham	Denholm	Heinz
Boland	Dennis	Helstoski
Brademas	Derwinski	Hillis
Bray	Devine	Hinshaw
Breaux	Dickinson	Hogan
Breckinridge	Diggs	Holt
Brinkley	Donohue	Holtzman
Broomfield	Drinan	Horton
Brotzman	Dulski	Huber
Brown, Calif.	Duncan	Hudnut
Broyhill, N.C.	du Pont	Hungate
Broyhill, Va.	Eckhardt	Hunt
Buchanan	Edwards, Calif.	Johnson, Calif.
Burke, Calif.	Eilberg	Johnson, Colo.
Burke, Fla.	Fascell	Johnson, Pa.
Burke, Mass.	Findley	Jones, Okla.
Burton	Fish	Jones, Tenn.
Butler	Flood	Jordan
Byron	Flowers	Karth
Camp	Forsythe	Kastenmeier
Carney, Ohio	Fraser	Kazen
Chappell	Frey	Kemp
Chisholm	Froehlich	Ketchum
Clancy	Fulton	King
Clark	Fuqua	Koch
Clausen, Don H.	Gaydos	Kuykendall
Clawson, Del	Gilman	Lagomarsino
	Goldwater	Latta
	Gonzalez	Leggett
Lehman	Pike	Stark
Lent	Podell	Steele
Lujan	Powell, Ohio	Steelman
Luken	Preyer	Steiger, Ariz.
McClory	Price, Ill.	Stokes
McCloskey	Price, Tex.	Stubblefield
McCollister	Pritchard	Studds
McCormack	Railsback	Symington
McDade	Randall	Talcott
McEwen	Rangel	Taylor, Mo.
McKinney	Rarick	Thone
Madigan	Rees	Thornton
Maraziti	Regula	Tiernan
Martin, N.C.	Reid	Towell, Nev.
Mathis, Ga.	Reuss	Traxler
Meeds	Rinaldo	Treen
Melcher	Robinson, Va.	Van Deerlin
Metcalfe	Robison, N.Y.	Vanik
Mezvinsky	Rodino	Veysey
Michel	Roe	Vigorito
Miller	Rogers	Waldie
Minish	Roncalio, Wyo.	Walsh
Mink	Roncallo, N.Y.	Wampler
Mitchell, Md.	Rooney, Pa.	Whalen
Mitchell, N.Y.	Rosenthal	Whitehurst
Mizell	Roush	Williams
Moakley	Rousselot	Wilson, Bob
Moorhead, Calif.	Roy	Wilson, Charles H., Calif.
Morgan	Roybal	Wilson, Charles, Tex.
Mosher	Runnels	Winn
Moss	Ryan	Wolff
Murphy, N.Y.	St Germain	Wright
Murtha	Sandman	Wydler
Myers	Sarasin	Yates
Nedzi	Sarbanes	Yatron
Nelsen	Satterfield	Young, Alaska
Nichols	Scherle	Young, Fla.
Nix	Schroeder	Young, Ga.
Obey	Sebelius	Young, Ill.
O'Brien	Seiberling	Young, S.C.
Owens	Shoup	Young, Tex.
Parris	Shriver	Zablocki
Passman	Shuster	Zion
Patten	Skubitz	Zwach
Pepper	Snyder	
Pettis	Spence	
Peyser	Staggers	
Pickle	Stanton, James V.	

NOES—114

Adams	Frelinghuysen	Natcher
Anderson, Ill.	Frenzel	O'Hara
Annunzio	Gettys	O'Neill
Archer	Giaimo	Patman
Arends	Gibbons	Perkins
Armstrong	Ginn	Poage
Ashley	Griffiths	Quie
Barrett	Haley	Roberts
Blackburn	Hanna	Rostenkowski
Boggs	Hansen, Idaho	Ruth
Bolling	Hansen, Wash.	Schneebeli
Bowen	Hays	Shipley
Brooks	Henderson	Sikes
Brown, Mich.	Hicks	Sisk
Brown, Ohio	Hutchinson	Slack
Burleson, Tex.	Jarman	Smith, Iowa
Burlison, Mo.	Jones, Ala.	Smith, N.Y.
Carter	Jones, N.C.	Stanton, J. William
Casey, Tex.	Kluczynski	Steed
Cederberg	Landrum	Steiger, Wis.
Chamberlain	Litton	Stephens
Collier	Long, La.	Stratton
Collins, Tex.	Long, Md.	Sullivan
Conable	Lott	Taylor, N.C.
Danielson	McFall	Thomson, Wis.
Dellenback	McKay	Udall
Dent	Madden	Ullman
Dingell	Mahon	Vander Veen
Downing	Mallary	Waggonner
Edwards, Ala.	Mann	Ware
Erlenborn	Martin, Nebr.	White
Eshleman	Mayne	Whitten
Evans, Colo.	Mazzoli	Widnall
Evins, Tenn.	Milford	Wiggins
Fisher	Minshall, Ohio	Wyatt
Flynt	Mollohan	Wylie
Foley	Montgomery	
Ford	Moorhead, Pa.	
Fountain	Murphy, Ill.	

NOT VOTING—34

Blatnik	Holifield	Rhodes
Brasco	Hosmer	Riegle
Burgener	Howard	Rooney, N.Y.
Carey, N.Y.	Ichord	Rose
Daniels, Dominick V.	Kyros	Ruppe
Davis, Ga.	Landgrebe	Stuckey
Davis, Wis.	McSpadden	Symms
Dorn	Macdonald	Teague
Esch	Mathias, Calif.	Thompson, N.J.
Hastings	Matsunaga	Vander Jagt
Hawkins	Mills	Wyman
	Quillen	

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. YOUNG OF ALASKA

Mr. YOUNG of Alaska. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Alaska: Page 63, line 10, strike out "not more than".

Mr. YOUNG of Alaska. Mr. Chairman, I would like to offer the following amendment to H.R. 15361, "The Housing and Urban Development Act of 1974." In section 208, page 63, line 10, strike out "not more than".

There is no question that Indians need thousands of units of new housing, and that their ability to pay is limited, thus forcing them to rely on public housing programs.

According to the 1970 census, there are 180,000 Indian households, two-thirds of which are in rural areas. Nearly one-third of all Indian households have incomes of $3,000 a year. The BIA estimates that one-third of the existing housing can be upgraded by rehabilitation.

The remainder will require new construction.

In my own State of Alaska, it is estimated at the BIA offices that more than 90 percent of the units should be replaced.

The majority of Alaska's natives live in nonmetropolitan areas and many live at a subsistence level, thus requiring assistance in the form of Government subsidies.

Under the current bill, the subsidy from HUD for a project under section 208 would amount to not more than the difference between the sum of the total debt service plus approved operating and maintenance costs and the rental payments that the tenants are required to make.

Under section 2(1) these low-income tenants may not pay more than 25 percent of their income for rent. As it stands now, inclusion of the phrase "not more than" means that it is up to the discretion of the Secretary of Housing and Urban Development whether to pay 5 percent or 10 percent or any amount of the difference.

As many of my colleagues may be aware, operating and maintenance costs are exorbitant in Alaska.

It is necessary to assure that these people who are living on low incomes are guaranteed that their housing payments will be met and that they will not lose their houses because of inability to pay.

Mr. BARRETT. Mr. Chaiman, we have looked at the gentleman's amendment, and we have no objection to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alaska (Mr. YOUNG).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FAUNTROY

Mr. FAUNTROY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FAUNTROY: On page 62, strike lines 3 through 12 and insert in lieu thereof the following:

SEC. 207(a)(1) Section 235 of the National Housing Act is amended by adding the following new subsection (n):

Notwithstanding any other provision of this section, no mortgage shall be insured under this section unless the property involved is located in an area referred to in Section 220(d)(1) or in an area designated as an urban renewal area in an approved housing assistance plan submitted by a unit of general local government or combinations of such units assisted pursuant to sections 106 and 107 of the Housing and Urban Development Act of 1974.

(2) Section 235(m) of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977."

(3) Section 236 of such Act is amended by adding the following new subsection (p):

Notwithstanding any other provision of this section, no mortgage shall be insured under this section unless the property involved is located in an area referred to in Section 220(d)(1) or in an area designated as an urban renewal area in an approved housing assistance plan submitted by a unit of general local government on combinations of such units assisted pursuant to sections 106 and 107 of the Housing and Urban Development Act of 1974.

(4) Section 236(n) of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977."

(b)(1) The second sentence of section 235(h)(1) of such Act is amended by striking out all that follows "1970," and inserting in lieu thereof the following: "by $200,000,000 on July 1, 1971, by "$115,000,000 on July 1, 1972, and by "$120,000,000 on July 1, 1975, $120,000,000 on July 1, 1976, and $120,000,000 on July 1, 1977."

(2) The second sentence of section 236(1)(1) of such Act is amended by striking out all that follows "1970," and inserting in lieu thereof the following: "by $200,000,000 on July 1, 1971, by $225,000,000 on July 1, 1972, by $180,000,000 on July 1, 1974, and by $200,000,000 on July 1, 1975, $200,000,000 on July 1, 1976, and $200,000,000 on July 1, 1977."

Mr. FAUNTROY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from the District of Columbia?

There was no objection.

Mr. FAUNTROY. Mr. Chairman, I rise to offer an amendment to extend proven housing programs that have been over 95 percent effective in providing new and rehabilitated housing for millions of low- and moderate-income Americans. I speak of the section 235 low- and moderate-income homeownership program which produced more than 200,000 housing units per year in its peak year of 1972 for American families during its 5 years of operation. It maintained a fantastic 96.5 percent success rate. The section 236 program which also constructed more than 200,000 housing units per year in its peak and during its 5 years maintained an even more fantastic 99.5 percent success rate. Except for Presidential moratoriums, this rate would be higher today.

Obviously, programs like this which would address our most serious range of housing needs should be continued as a compliment to the new and unproven section 23(h) rather than replaced by it. My amendment continues section 235 and 236 through fiscal year 1977 and limits them to urban renewal and community development areas, thereby assuring that these assisted properties will be located in environments where a variety of public improvement actions will enhance their chances of success and where a variety of community controls will be available to thwart the few well publicized abuses of the program.

Our 235 and 236 programs have been very successful. The families aided by 235 are coming off subsidy as their incomes increase. They have been given a lift upward; they have been helped; and, in many cases this was all the help they needed. H.R. 15361 provides no assistance for home ownership at a period in our economic history when families with annual incomes as high as $15,000 are struggling to survive the fires of inflation. For lower income families, the struggle borders on the impossible and the hopes which our society offers are beyond any kind of reach.

While much is often made of the foreclosure rates of section 235 housing, it is only 3.5 percent or in other terms, it is 96.5 percent successful, as I have indicated. If other governmental programs were as successful as this, we would have few problems indeed. With proposed administrative improvements which HUD is implementing, even this rate should decrease.

Under 235, we know that we can generate new homes in large volumes to aid those who qualify. It is foolish to replace it with an as yet unproven public housing program as is the revised section 23 public housing program which provides no additional single family homes to the diminishing housing stock.

Our 236 programs have provided fine rental housing. It is operating, as I have indicated, with the fantastic success rate of 99.5 percent success or a foreclosure rate of only one-half of 1 percent which is equal to that of the basic 203(b) FHA program. Families without the downpayment or sufficient income to purchase a home can live in good decent 236 accommodations until they are able to afford or to want to take on the ownership of a part of this great Nation. It is the only viable program for the elderly who with their low incomes have no other place to live and who have no desire to own a home. It has aided them immeasurably.

The machinery is in place for the 236 programs. It is understood by the developers, the lenders, and the bureaucrats. Many units have been produced through this program, and it ought to be continued at least until 1977. By then, we will know whether the 23(h) programs work or whether we must do something else.

Let me again note that while this amendment requires that 235 and 236 programs be undertaken in basically 220(d)(1) areas, if a community elects to seek community development funds pursuant to sections 106 and 107 of the bill, they could also get funds here. The result is that 235 and 236 housing can be constructed in a nontraditional renewal area. This makes it possible to achieve a broader spread than would be possible under a strict 220(d)(1) program, but it does not permit unrestrained and unmonitored development.

Where you have a concentrated outlook by the locality in which this type of development is placed, will have an increase in the level of success. It simply stands to reason that where the locality has a plan, they will assure that the dwellers, and the plan will take place in a successful manner.

Let me point out a few facts. Housing starts are down 11 percent in May from April's upward-revised figures of 1,631,000 units and last May's 2,330,000 units or 38 percent. There can be no housing recovery this year unless the Federal Government provides the kind of assistance that is possible under 235 and 236. With more than one-fourth of our housing stock at least half a century old, and most of these in our central metropolitan areas, it is not possible to have too much housing programs. The 50- and 60-year-old housing is not adequate for today's lifestyles. They are not habitable or adequate and we ought not continue to fool ourselves with the figures which we use. Of the 70 million housing units, only 30 million were constructed since World War II. The average age of these units is 20 years.

It is estimated that habitable housing should be no older than 15 years. Indeed, one Eastern country has determined that this ought to be the standard and has elected to remodel or reconstruct every house that fails to meet the standards which were enacted at that time.

I simply cannot imagine that this Nation would permit another to outdo it in an area as important as this to our people. We have more resources, more skills, and more potential, than any European country to build housing on a mass scale in which we can all live comfortably, than is necessary to allow the squalor that we have in so many places.

We are faced with the fact that in 1968, this Congress determined that the Nation needed 600,000 low- and moderate-income housing units to be added to the housing stock per year. We have never achieved that goal. The closest we have come was with 400,000 units in 1972. Under my amendment, there are enough funds to develop one-half of that need. I would expect the remainder to be made up by section 23 and the private unsubsidized housing market.

I am asking for a total expenditure of approximately $300,000,000 per year in both programs. This is not too much money for 300,000 units each year.

Mr. SNYDER. We have a lot of complaints about 235 back home in our area because of the situation that the taxpayers were picking up the difference in the interest over and above 1 percent and the actual interest paid on the mortgage. In other words, there was a subsidy to the homeowner for this interest that they were not really paying but which the Government was paying for them, and yet while the homeowner was not paying the interest, he was permitted to take it off his income tax Does your amendment correct that deficiency?

Mr. FAUNTROY. My amendment takes into account the fact that the administration has been taking steps at least to eliminate many of the abuses. There are not that many.

Mr. SNYDER. I am asking about this specific one, if the gentleman does not mind.

Mr. FAUNTROY. I am not aware of any specific measures of this sort.

Mr. SNYDER. So under your amendment the taxpayers are still going to pay this interest for these homeowners, and even though the homeowners did not pay the interest, they would still take it off their taxes?

Mr. FAUNTROY. As far as I know, that is correct.

Mr. SNYDER. My goodness.

Mr. O'BRIEN. Will the gentleman yield?

Mr. FAUNTROY. I yield to the gentleman.

Mr. O'BRIEN. I would like to make an observation about the amendment and the bill itself relative to 235 housing.

In my district we have several attractive communities that have suffered the loss of about 46 families, families who left because a variety of reasons, and whose boarded-up housing has become a grave problem to the families remaining behind in the neighborhood, while it is unfortunate for those who fled. The tragedy does not stop with them. With 12 to 15 months involved in foreclosure, the abandoned houses deteriorate, seriously damaging the community, reducing home values, and tending to make others wish to move away.

Meanwhile the abandoned houses themselves become health hazards with nothing done but the barest of maintenance during the foreclosure period. His unhappy condition could be corrected if deeds were not handed over to purchasers until a certain amount of equity had been paid in—let us say 15 percent of value. With no equity, there is no incentive to fight to stay. With a 15-percent equity payment required before delivery of the deed, the numbers of abandoned homes would be dramatically reduced.

This amendment and the bill itself fail to address themselves to this problem, a weakness that this bill can ill afford to tolerate.

Mr. BROWN of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we ought to start at the end and work backward on this amendment. I would like to point out that the gentleman's amendment would add $1 billion to the bill, approximately, on 235 and 236 programs—$1 billion.

Furthermore, it is a restricted use of the 235 and 236 programs but, most importantly, the subcommittee and the full committee, and even, I believe, the Members on the Senate side, have recognized that the 235 and 236 programs are not programs that we ought to perpetuate.

The whole theory of the bill before us today is to do something about housing in a better way than we have been doing it in the past.

We do extend the 235 and 236 programs in the bill for an additional fiscal year to take care of the bona fide commitments and other valid projects under those programs. I think it would be totally wrong to extend by this amendment the 235 and 236 programs at a time when we think they should be phased out. Furthermore, I do not think we should include an extra $1 billion in the bill for this purpose.

Mr. ASHLEY. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Michigan (Mr. BROWN) is exactly right in pointing out that the bill before us does not eliminate the 235 and 236 programs. It does call for their continuation, and the continued authorization for a year's period of time.

What the gentleman's amendment would do, however, would be to continue the programs for a 3-year period, and authorize an additional $360 million for the section 235 home ownership program, and $780 million for the section 236 program over the next 4 years.

The gentleman from Michigan has indicated there are funds available for the 235 and 236 programs for the next year under the circumstances that are described in the report.

I would like to comment, finally, on what the gentleman said with regard to home ownership, and that is that it has not been found in all cases to be a very satisfactory program, and the reason for this is quite simple, and it has nothing to do with the moral character of the people involved; it has to do with the fact that families who tried to take advantage of the home ownership program under the section 235 program are very low-income families. What has happened is that the cost of maintaining the home, the taxes, the cost of the utilities and everything else, have gone up faster than has the income of that particular family, so their ability to maintain the home has dissipated, and in many instances this has resulted in foreclosure on the homes and the abandonment that we have seen. That is why this program has not proven to be a successful program.

We would rather continue the program on the basis that it has been extended in the past, and we do not have quite the confidence in the program that would lead the committee to extend the authorization for an additional 3-year period at a cost, including the 236 program, of upwards of an additional $1 billion.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for yielding to me.

I think one point that should be made is that in the housing studies on the subject of 235, 236 it has shown that many of the dwellings that have come back to the Secretary under the program—and this has been a substantial number—about 20 percent—that the people who have lost these homes have been very extremely disappointed. These displaced families have had to abandon these homes because they could not keep them up. They did not have the capability of maintaining the level of other expenses.

So there is an even greater disappointment to those people once they find they have to leave their homes. They come into the program with high expectations, cannot make a go of it on their low income and, then have to give it up. Is that correct?

Mr. ASHLEY. The gentleman is right.

How many times have we heard it, every single Member of this body has heard it, as a matter of fact, from a family that is paying their own way, making their own monthly payments without any assistance from the Government on a modest two-bedroom home, and they write to you and to me, and to all of us, and they say why is this family next door, with a house that is about the same as to payments and everything else, getting this kind of assistance when we are getting nothing, through the homeownership program, where all of the ownership requirements, equity, and everything else, is absorbed and paid for by the Federal Government?

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. SISK. Mr. Chairman, I appreciate my colleague, the gentleman from Ohio, yielding to me. I appreciate the comments the gentleman has made as well as the comments that others have made with reference to the 235 and 236 programs.

But I am concerned about what the committee is proposing to do to take the place of 235 and 236. Frankly, the program has not worked all that bad in the area from which I come. It is about the only thing I know of that we have to encourage any homeownership or anything for the low- and moderate-income people.

I recognize there have been problems with it, but what does the committee propose to take the place of it at the end of this year? What are they going to propose?

Mr. ASHLEY. To answer the gentleman, approximately 400,000 units in fiscal 1975 of section 23(h) housing. I have got to say, as I have indicated to the gentleman, that this does not include homeownership. This is a leasing program. The committee on both sides, with rare exceptions, said that this was the approach to take.

To directly respond to the gentleman, 400,000 units of housing in the next fiscal year is what we have a commitment for. That is what we will have at the end of this year under the section 23 leasing program.

Mr. SISK. There is nothing in that, though, that provides for any means of homeownership under any kind or set of circumstances, as I understand it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. I will certainly not take the 5 minutes.

I think it is important to point out some of the fallacies in thinking of those who are opposed to the amendment.

No. 1, some are suggesting that the cost of upkeep was so high on 235 and 236 that the families left because their income did not keep up with the in-

creased costs. That was really not the problem. The problem was that the Federal Government through FHA let these houses go with no real rigid inspection. People were sold a bill of goods and, therefore, had to pay a great deal more than they had anticipated.

That problem has been brought to our attention, and now we find a much tighter process of inspection of these houses. That is one thing I think we need to clear up.

No. 2, I was delighted that the gentleman from California raised the question as to what this bill really does in terms of homeownership. This bill does not do anything to homeownership. The 235 program included in my colleague's amendment, will at least continue the effort of creating homeownership for the very-low-income families.

Again, I would suggest to the Members that any kind of housing policy, any kind of national housing program that does not have as its focal point the spurring of homeownership is due to fail.

Mr. Chairman, I urge my colleagues to give a favorable vote for the amendment.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield to the gentleman from California.

Mr. REES. I thank the gentleman for yielding.

I appreciate the remarks of the gentleman because in Los Angeles we have a very comprehensive 235 program. It was very successful. We had counseling before a family moved into a house and counseling after a family moved into a house to help them through that first 6 months. It was very successful. It is terrible, because of the critical situation in some of the cities, that the program had to be retired, because in many parts of this country it was very successful, and people are owning their homes now who could never have owned their homes before.

Mr. MITCHELL of Maryland. I thank the gentleman for his comments.

May I say that that same situation applies to my home city of Baltimore. The program has been overwhelmingly successful without one scintilla of corruption being associated with it.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment, not because I am opposed to sections 235 and 236. I think they are programs that could have been and should have been managed and administered effectively but were not. I oppose the amendment because of the legislative practicalities today. The congressional or the Democratic housing proposal included housing block grants that could have been used for sections 235 and 236 purposes. The administration came up with a housing proposal that really had zero housing. It had a housing allowance that could not be put into effect before 1976. We started poles apart and finally worked out a compromise, this section 23 program which does have broad support.

It does have an element of home ownership under cooperative programs, so it is not such a bad program.

Finally, I say to the Members I think we can only get a housing and community development bill if we have broad bipartisan support. In the committee's report it is said:

> The committee bill is a bipartisan effort to break the deadlock over HUD's housing and community development programs so that the Nation can resume its activities in these areas with broad political support.

I think for that reason I believe that the amendment should be defeated.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman from California.

Mr. SISK. Mr. Chairman, I am again intrigued. The gentleman mentioned that there are some provisions under this section 423, for a form of ownership through a cooperative housing program. I would like the gentleman to explain. I do not interpret that in that way. What I think of as homeownership is the kind of ownership that frankly has not done all that bad a job out in California.

I understand there have been abuses, and we are going to have abuses in any program. But I am clearly concerned to see us totally give up any kind of program.

Mr. MOORHEAD of Pennsylvania. Let me say to the gentleman from California, if I had my druthers, if I could say to the gentleman that we could pass a bill that would become law with homeownership in it, I would support it. I do not think we can do that. I am looking for the practical way out. I hope in the future we can support it.

Mr. SISK. Is the gentleman saying to me, and I have always considered myself to be a realist and I do not believe in spinning my wheels to no purpose, that if we put this in basically it is going to be vetoed?

Mr. MOORHEAD of Pennsylvania. From my reading of the committee and the House of Representatives I would say adding $1 billion or more, which this amendment would involve, might defeat the bill right here without a veto. What we have done is to go ahead and try to get the best passable bill.

Mr. SISK. I have opposed some things and I have been beaten over the head because I have opposed the Land Use Act because it had about a billion dollar authorization in it. I said I am going to support some legislation here and I think we need some additional money and I think housing is an area where we need additional money. There are other areas. Some of us are trying to be responsible and use some priorities.

We need to come out with a housing bill that will meet the needs of the people and we can let the chips fall where they will. I really hesitate to be shortsighted and cut this bill back just merely because we are not going to have a bill. Maybe we are better off not to have a bill than to have one that does not meet the needs of the people.

Mr. MOORHEAD of Pennsylvania. In a 3-year program, which this bill has, we have $8.3 billion for housing. It is $1.122 billion for a 1-year program in housing, so this is not cutting back. This is as big a housing bill as we have ever had. I hate to jeopardize that good element by an amendment which in other times I would certainly support.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I think it should be pointed out that under the amendment offered by the gentleman, the conditions under which the 235 and 236 programs could be used do not exist in too many areas, and probably not in the areas discussed by the two gentlemen from California.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from the District of Columbia.

I think it is fine to try to be practical, as some of the members of the committee here have suggested. I think it is also important for the Members of this House to know that the bill in the other body does extend sections 235 and 236, as does this amendment and, therefore, all would not be lost if we should do the same here. We would at least have half a chance. That is No. 1.

No. 2, I would like to say that it is very interesting to hear repeatedly stated on the floor of this House that we are enacting a program which will provide assurance of subsidies when the housing does exist.

The fact is, however, that the housing units do not exist. Therefore, it is hardly meaningful to provide, as the proposed bill does, for housing allowances and for housing assistance unless we recognize and meet, at the same time, the equally urgent need for new additional housing units.

No matter how many negative statements are made by the administration or how many statements are made here today about the weaknesses or inefficiencies or mismanagement of our present housing program—some of which, by the way, have already been rectified by the administration in the section 235 and section 236 programs; no matter how much we want to address irrelevant issues, the only relevant issue is that we have had virtually no new construction starts in this country as a result of the administration's housing moratorium and its failure to provide a housing program during the past 2 or 3 years. That is the problem to which we must now address ourselves.

The figures on housing starts in this country are really startling. Total housing starts for May 1974 were 38 percent lower than those for May 1973. For HUD federally assisted housing, construction has dwindled to a few thousand a month. Yet we know that the fulfillment of this country's housing needs would require at least 1.5 million housing starts this year. Past experience has shown us that these goals cannot be realized without adequate Federal assistance.

I do not believe we can rely entirely on section 23(h) to provide the necessary new housing, as H.R. 15361 does, although that section does offer a worthwhile program. We must recognize that, in many areas, there is a severe shortage of adequate low-rent housing; in New York City for example, there are 150,000

families dependent upon public housing programs for their shelter, and another 150,000 people who have no shelter whatsoever.

How are we going to secure this needed housing under section 23(h)? We have a 1½-percent vacancy rate in New York City, and this same situation exists in other places. Unless and until we have sufficient numbers of housing units, it serves little purpose to talk about housing allowances.

Nor does it make sense to talk about rehabilitating existing housing without providing some guarantees that sufficient funds will actually be expended for that purpose.

I believe it is really unfair to the people of this country who desperately need housing, to the thousands of unemployed construction trades workers, and to the construction industry to suggest that title II of this bill is the be all and end all of our housing problems. It would be a cruel hoax on the part of the Members of this House to vote down this amendment on the ground that it is not necessary. We should insist that the will of the people of this country, which arises from their needs, be reflected in this House. We should assert the will of this House and of the other body, and make it clear to the administration that we will support these needs.

To provide housing allowances without providing housing is like telling the people to go out and find their own bricks, use their own hands, and build their own houses. This is indeed a cruel hoax. I urge the Members of this House to stand up for the people and for the needs of the people instead of buckling under to an administration which in itself has a limited will.

The CHAIRMAN. The question is on the amendment offered by the gentleman from the District of Columbia (Mr. FAUNTROY).

The question was taken; and on a division (demanded by Mr. FAUNTROY) there were—ayes 32; noes 74.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Mr. Chairman, I offer an amendment.

Mr. Chairman, I ask unanimous consent to go out of order, back to title I.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ASHLEY. Mr. Chairman, reserving the right to object, I would like to know what the amendment is.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BIAGGI: Page 35, line 16, insert "age" after "color".

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. MARTIN of Nebraska. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. VANIK. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. VANIK. Mr. Chairman, under the community development block grant program—can a city use its entitlement to buy and prepare an area for a land bank—an industrial park site in a downtown depressed area—a site where some businesses and plants could be located which would provide employment in a central city area?

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Yes, certainly block grant funds could be used to acquire deteriorated land in a downtown area and to prepare sites for reuse as industrial park sites.

Mr. VANIK. Mr. Chairman, it would seem to me that under the provisions of section 105 of H.R. 15361—which describes the type of community development activities which are eligible for assistance—that a job-creating industrial park and land bank developed by a city would be eligible for assistance. For example, section 105(a)(1) provides for the acquisition of real property which is "blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth." Paragraph 2 of section 105 provides for the acquisition and construction of public works, foundations, and platforms for air rights sites, and pedestrian malls. Paragraph 4 provides for clearance demolition, removal, and rehabilitation of buildings and improvements." Paragraph 8 would make assistance available for "provision of health, social, counseling, training, economic development, and similar services necessary to support other approved activities."

Mr. Chairman, the return of jobs to our downtown, central cities is vital if these cities are ever to be restored and improved. Without jobs, central cities become ghost towns—empty, lifeless stretches of broken down buildings. Central city job loss is particularly serious in many of our Nation's older cities. In my area, Cleveland, Ohio, has been combating the loss of downtown employment. Still, in 1973, the city planning commission reported that between 1966 and 1971 the city lost 12,058 jobs and 258 firms. This has contributed to an unemployment rate in areas of the city that is at least double the national average. Yet it is difficult for new firms to locate in portions of the central city. Land costs are high. Old buildings may have to be demolished, and city services are often antiquated. To combat this type of problem, a number of Cleveland community and business groups are planning minibus systems, ways to alleviate congested parking, street repavement, the installation of high intensity lighting, and the acquisition of vacant and deteriorated land for plant expansion purposes.

Mr. Chairman, I would hope that the new community development bill would have enough flexibility to permit the use of formula allocations for land bank and industrial park purposes. I have received assurances from the chairman of the committee in the other body that, as long as such a land bank project was designed to assist low- and moderate-income individuals and fit into a city's overall development plan, such expenditures would be permissible under the bill passed by the other Chamber. I hope that this committee will also support this type of program.

Mr. BARRETT. Mr. Chairman, I would like to ask how many amendments are yet to be offered to title II?

The CHAIRMAN. There appear to be two amendments.

AMENDMENTS OFFERED BY MR. STEELE

Mr. STEELE. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. STEELE: Page 53, strike out the quotation marks in line 21, and insert after line 21 the following new paragraph:

"(6) Notwithstanding any other provision of this Act, assistance payments under this subsection shall be provided, in accordance with regulations prescribed by the Secretary, with respect to some or all of the units in any project approved pursuant to section 202 of the Housing Act of 1959. For purposes of such payments, the term 'lower income families' as used in this subsection includes elderly or handicapped families with annual incomes less than five times the annual market rent of the units in such projects which they occupy."

Page 64, immediately after line 10, add the following new sections:

Revision of Section 202 Program for Elderly and Handicapped

Sec. 211. (a) Section 202 of title II of the Housing Act of 1959 is amended—

(1) by deleting, in subsection (a)(1), ", consumer cooperatives, limited profit sponsors, or public bodies or agencies" and inserting in lieu thereof "or consumer cooperatives";

(2) by deleting, in subsection (a)(2), ", to any limited profit sponsor approved by the Secretary, to any consumer cooperative, or to any public body or agency" and inserting in lieu thereof "or to any consumer cooperative";

(3) by inserting, after clause (A) of subsection (a)(2), the word "and", by changing the comma which appears at the end of clause (B) of subsection (a)(2) to a period, and by striking the remainder of the subsection;

(4) by deleting, in subsection (a)(3), ", consumer cooperative, or public body or agency" and inserting in lieu thereof "or consumer cooperative"; and

(5) by deleting, in subsection (c)(3), ", cooperative, or public body or agency" and inserting in lieu thereof "or cooperative".

(b) Subsection (a)(3) of section 202 of title II of the Housing Act of 1959 is amended by deleting all that part of the subsection which follows the words "and shall bear interest at a rate" and inserting in lieu thereof "which is not more than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus an allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program."

(c) Paragraph (4) of subsection (d) of section 202 of the Housing Act of 1959 is amended—

(1) by striking the words "a physical" in the second sentence and inserting in lieu thereof "an"; and

(2) by inserting, following the second sentence, a new sentence reading as follows: "A person shall also be considered handicapped if such person is a developmentally disabled individual having a disability attributable to mental retardation, cerebral palsy, epilepsy, or another neurological condition which (i) originates before the individual affected attains age eighteen, (ii) has continued or can be expected to continue indefinitely, and (iii) constitutes a substantial handicap to such individual."

(d) Section 202 of title II of the Housing Act of 1959 is amended by adding at the end thereof a new subsection (f) reading as follows:

"(f) In carrying out the provisions of this section, the Secretary shall seek to assure, pursuant to applicable regulations, that housing and related facilities assisted under this Act will be in appropriate support of, and supported by, applicable plans of a State, the District of Columbia, Puerto Rico and possessions of the United States, or of a subdivision thereof, which respond to Federal program requirements as providing an assured range of necessary services for such individuals (which services may include, among others, health, continuing education, welfare, informational, recreational, homemaker, or counseling or referral services, transportation where necessary to facilitate access to social services, and services designed to encourage and assist recipients to use the services and facilities available to them), including plans approved by the Secretary of Health, Education, and Welfare pursuant to section 134 of title I of the Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 or pursuant to title III of the Older Americans Act of 1965."

(e) Section 202(a)(4) of such Act is amended—

(1) by inserting "(A)" immediately after "(4)";

(2) by inserting ", and the proceeds from notes or other obligations issued under subparagraph (B)," after "Amounts so appropriated"; and

(3) by adding at the end thereof the following new subparagraph:

"(B)(i) To carry out the purposes of this section, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount not to exceed $1,500,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued thereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as debt transactions of the United States.

"(ii) The receipts and disbursements of the fund shall not be included in the total of the Budget of the United States Government and shall be exempt from any limitation on annual expenditure or net lending."

Section 202 Projects Eligible for Assistance Payments Under Public Housing Law

SEC. 212. (a) In determining the feasibility and marketability of a project under section 202 of the Housing Act of 1959, the Secretary shall consider the availability of monthly assistance payments pursuant to section 23 of the United States Housing Act of 1937 with respect to such a project.

(b) The Secretary shall insure that with the original approval of a project authorized pursuant to section 202 of the Housing Act of 1959, and thereafter at each annual revision of the assistance contract under section 23 of the United States Housing Act of 1937 with respect to units in such project, the project will serve both low- and moderate-income families in a mix which he determines to be appropriate for the area and for viable operation of the project; except that the Secretary shall not permit maintenance of vacancies to await tenants of one income level where tenants of another income level are available.

Mr. STEELE (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

Mr. WIDNALL. Mr. Chairman, reserving the right to object, I would like to ask the gentleman from Connecticut this question:

Is this not the same amendment that was offered before which was objected to? The objection was sustained, and the amendment now has been changed so as to meet the objection; is that not so?

Mr. STEELE. Mr. Chairman, if the gentleman will yield, the gentleman from New Jersey is absolutely correct.

In this amendment we now use our existing section 202 mortgage loan funds, which totally circumvents the problem which was expressed earlier.

Mr. WIDNALL. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

Mr. REES. Mr. Chairman, reserving the right to object, I yield to the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, I just want to ask the gentleman this: This amendment is almost verbatim, it is almost the same amendment that was offered by the gentleman this afternoon, and that amendment was stricken out on the basis of a point of order.

We, of course, are trying to hold this bill on a dollar level, that which will be accepted when we send it to the executive branch. We are beginning now to see that the agreement is not going to be workable, and we are going to start piling up amendments and doing very destructive damage to what we though we might bring out of the House as a bill which would be acceptable on the other side as well as by the Executive side.

I hope, Mr. Chairman, that my colleague, the gentleman from New Jersey, will go along and vote this amendment down.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

Mr. REES. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk continued to read the amendments.

Mr. BARRETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendments may be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The gentleman from Connecticut (Mr. STEELE) is recognized for 5 minutes in support of his amendments.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. STEELE. I yield to the gentleman.

Mr. BARRETT. I want to ask one question. Is not the gentleman now trying to add another $1.5 billion to this bill?

Mr. STEELE. Very briefly, no.

Mr. SKUBITZ. Will the gentleman yield?

Mr. STEELE. I yield to the gentleman.

Mr. SKUBITZ. I would like to ask the gentleman this question: Is the gentleman really trying to carry out a commitment we made to the elderly people at the White House Conference for the Elderly in 1971 by reactivating the section 202 program? Is that correct?

Mr. STEELE. The gentleman is absolutely correct.

Mr. SKUBITZ. Mr. Chairman, I want to support the gentleman's position on this.

Mr. Chairman, I rise in support of the Steele amendment to reactivate the section 202 program for the elderly. I would like to commend my colleague's efforts and those of the task force on aging which he chairs for its leadership in issues concerning older Americans.

This amendment reaffirms our commitment to the elderly that was made at the 1971 White House Conference on Aging and represents an important first step in meeting the construction goals set by that conference.

It also makes use of one of this Nation's best resources—the nonprofit organization which is usually affiliated with a church or other charitable group. This adds a significant dimension to housing for the elderly—the concern and warmth of people who care.

In my view, support of the Steele amendment is the single most important action that any of us will take this session in meeting the housing needs of the elderly. I strongly support it and urge my fellow colleagues to do the same.

Mr. STEELE. Mr. Chairman, I thank the gentleman.

I rise to offer an amendment to title II of H.R. 15361, the Housing and Urban Development Act of 1974. This amendment will provide for the construction of some 75,000 vitally needed and specially designed housing units for the elderly and the handicapped.

It is a tragic fact that in this land of great affluence, millions of older Americans lack adequate housing. Sadly, the bill which we are considering today does not meet this significant and legiti-

mate need. My amendment will fill that gap.

Before I explain this amendment, I would like to commend the distinguished gentleman from New Jersey and ranking minority member of the Banking and Currency Committee (Mr. WIDNALL) and the very able gentlewoman from Massachusetts (Mrs. HECKLER) for their tireless efforts on behalf of housing for our Nation's aged. Regrettably, their program for elderly housing was deleted from the subcommittee bill in markup. However, I feel that it is important to recognize the deep concern and hard work which BILL WIDNALL and PEGGY HECKLER put into serving the needs of the elderly.

Let me, in the interest of clarity, summarize the provisions of my amendment.

First, it will reestablish the successful "202" program which was initially established to provide low interest direct loans to nonprofit sponsors to build housing for the elderly. Despite the outstanding success of this program, it was phased out in 1969 because of its potential budget impact. My reenactment of "202" avoids this budget pitfall because loans will be made at the Treasury borrowing rate and, therefore, will have little budget impact. This unsubsidized revolving fund approach will provide $1.5 billion to build an estimated 75,000 units of desperately needed housing for the elderly.

The second part of my amendment will effectively marry the "202" construction program with the "section 23" rent subsidy program to needy elderly families by making technical changes that guarantee the availability of these subsidies to units of elderly housing constructed under "202."

Mr. Chairman, decent housing for the elderly and the handicapped means more than just providing a roof over one's head. It means providing a living environment that accomodates the physical disabilities of age and disease, and provides for the very real social problems faced by this special group. Thus, site selection near transportation and medical facilities, building design to provide a barrier-free environment, public spaces for social contact, and the availability of other necessary services become integral parts of the "housing" that must be provided for our country's elderly.

Accordingly, a recent report by the Gerontological Society stated that housing for the elderly should be at least as good as—or perhaps because of the very special needs of the aged—even better than housing for other age groups.

However, housing for America's elderly is not better than other housing—in fact, it is worse.

The sad fact is that we do not even have an operational Federal program to build these desperately needed units today. The incredibly long waiting lists for the elderly housing that does not exist speak for the tremendous and urgent need for new construction. The Senate Special Committee on Aging has estimated that there is at least one elderly person on a waiting list for every occupied unit. For many individuals, these waiting lists are so long that they do not even bother to apply. And for those who do apply, they find that the lists are so long in some places that the wait would be seventy years. My distinguished colleague from Massachusetts, PEGGY HECKLER, summed it up this way:

> For older Americans, the waiting list can be a state of cruel limbo ending in frustration and even death.

My amendment would be a major step in rectifying this tragic situation.

I believe it is important to note that this amendment has the support of virtually every elderly advocacy group. To give you a few examples of the support this amendment has received, the American Association of Retired Persons—AARP—with over 6½ million members has written to every Member of Congress urging support for the amendment. The National Council of Senior Citizens with over 3½ million members has sent telegrams to every congressional office urging its adoption.

The list of supporters also includes the National Caucus of the Back Aged, B'nai B'rith, the American Baptist Service Corporation, National Council on Aging, the National Tenants Organization, and the United Presbyterian Church.

This amendment is also the product of many weeks of consideration by the House Republican Task Force on Aging, which I chair. We collected data and testimony from many experts on elderly housing and the judgment was unanimous—the section 202 is the best vehicle approach for providing specialized housing for the elderly. The Republican Policy Committee has twice endorsed this proposal, both last April and again this week. The wide bipartisan support given this amendment demonstrates the growing concern that our Government take immediate action to meet the housing needs of the elderly. The one thing that the aged do not have is more time to wait—wait for further consideration, a better time, a different bill. The need is there now and this amendment will provide the vehicle to meet that need effectively and at a reasonable cost.

In light of the length of this amendment, I think it would be helpful to go through it briefly at this point.

Section 211 amends the section 202 program of housing for the elderly as established by the Housing Act of 1959;

By deleting eligibility for participation by limited dividend and public bodies. Eligibility is retained for private nonprofit and cooperative sponsors,

By deleting provisions for direct loans at 3 percent interest,

By establishing a Treasury borrowing rate—plus administrative costs—as interest on direct loans,

By expanding the definition of handicapped to include developmentally disabled persons,

By adding a new subsection which requires that projects approved under section 202 will be supportive of and fully supported by State and local comprehensive services for the elderly and the handicapped,

By establishing a revolving National Housing Loan Fund for the Elderly and the Handicapped, which will administer the accounts of the direct loan operations; and

By authorizing Treasury borrowing for section 202 mortgage loans to a limit of $1.5 billion.

Section 212 would authorize the leasing of section 202 units under the section 23 subsidy program and require the Secretary to consider the availability of such assistance in determining feasibility of proposed section 202 projects and annually thereafter, so as to assure viability and an economic mix among occupants.

Amendment No. 2 would amend the new section 23(h) so as to define eligibility of low-income elderly or handicapped families at a level of monthly income up to the level established as fair market rent for the unit in question, using a rent payment of 20 percent of gross income.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. YOUNG of Florida, and by unanimous consent, Mr. STEELE was allowed to proceed for 2 additional minutes).

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. STEELE. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, it has been said that the amendment offered by the gentleman from Connecticut (Mr. STEELE) would not be necessary, and in fact that the FHA program could provide the same type of housing. Would the gentleman care to comment on that?

Mr. STEELE. The facts are that with the money market the way it is, it is virtually impossible to find the necessary money on the open market for a nonprofit sponsor, so that that is a totally false argument.

Mr. YOUNG of Florida. Will the gentleman yield further?

Mr. STEELE. I yield further to the gentleman from Florida.

Mr. YOUNG of Florida, Mr. Chairman, I rise in support of the "Housing for Older Americans Amendments" offered by my distinguished colleague from Connecticut (Mr. STEELE). As one who has had the privilege of working with Representative STEELE on the Republican Task Force on Aging, I am aware of his longstanding efforts on behalf of our older Americans, and especially his concern for making the Federal Government more responsive to their needs.

As reported by the Banking and Currency Committee, the Housing and Urban Development Act of 1974 does not contain provisions designed specifically to meet the challenge of providing adequate housing for senior citizens. Congressman STEELE's amendments would not only work for increased housing for the elderly, but would also write into law new emphases on architectural design and coordination of services so as to make federally assisted housing more adapted to the needs of older Americans.

Legislation which does not speak to the needs of almost one-quarter of the Nation's population is legislation which

should be amended as Congressman STEELE suggests. I urge my colleagues to vote for the Housing for Older Americans amendments, so that we can help stimulate realistic and responsible programs to house our Nation's senior citizens.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. STEELE. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Chairman, the gentleman answered the question posed by the gentleman from Pennsylvania (Mr. BARRETT) by responding that he was not trying to add an additional $1.5 billion to the cost of the program.

Will the gentleman from Connecticut kindly tell us what the cost of his amendment would be?

Mr. STEELE. This would be fully paid for by the operators of the projects through the revolving fund.

The argument has been made that if we utilize the whole $1.5 billion today, it would have a significant impact. Let me say that there is no likelihood of utilizing this all at once, it would be utilized over a period of 5 or 6 years.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. WAGGONNER, and by unanimous consent, Mr. STEELE, was allowed to proceed for 1 additional minute).

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield further for one comment?

Mr. STEELE. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. I asked the gentleman from Connecticut what the program would cost, and the gentleman politely declined to tell me. But the gentleman did tell the House that if we adopt this amendment, that this would be adopting a back-door spending proposal. I think that the Congress needs to understand that this is back-door spending, as set forth in the gentleman's amendment.

If the gentleman from Connecticut does not know the costs, then God knows who would know. The present bill provides for better and cheaper housing for the elderly than does this amendment. Do not make the elderly pay excessively high interest rates.

Mr. STEELE. I think that the best reply would be to point out again that this is a revolving fund, and would be totally paid for by the operators of the projects.

This is an amount of money that will be used over a period of 5 or 6 years. I cannot think of a program that has come before this House in the last 4 years that I have been here that would do more good, would create more housing and would accomplish more for less money than this program will.

(At the request of Mr. ROGERS of Florida and by unanimous consent, Mr. STEELE was allowed to proceed for 2 additional minutes.)

Mr. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. STEELE. I yield to the gentleman from Florida.

Mr. ROGERS. I thank the gentleman for yielding.

I commend the gentleman for offering this amendment. This House has just made a judgment yesterday to subsidize some rather large publications for about $850 million, and here is an amendment to provide housing for the elderly. Half of the families who have elderly people in them have an income of $3,000, and to take 35 percent to pay for their housing is just out of the question.

We know this program will work. It is a revolving fund. They pay it back, and this keeps the program going. It does not contain additional funds. This is a program that will help the elderly in America. It ought to be voted. Something ought to be done to get some housing. I know the elderly people in my State need some help. We can do it, and I would rather be doing this than subsidizing a billion dollars somewhere else to organizations to pay for them.

I think we ought to make an intelligent judgment and reinstate a working program that has previously proved itself. I commend the gentleman and I hope this House—and I believe it will on a record vote—will sustain the gentleman's amendment.

(At the request of Mr. BARRETT, and by unanimous consent Mr. STEELE was allowed to proceed for 1 additional minute.)

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. STEELE. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I thank the gentleman for yielding.

Mr. Chairman, I can agree with the gentleman from Florida in his making a heart-rending plea for housing for the elderly, but we have not neglected housing for the elderly in this bill, nor have we neglected the handouts. Out of this bill will come about 80,000 units for the elderly. What we are objecting to here is loading it down, going back to the 1972 bill, and now they come here and say, Load it up. We worked here for several months putting this bill together to ultimately send it to the executive branch only to get a veto.

Mr. ROGERS. If the gentleman would yield to permit me to respond, I thank the gentleman for his comments. I simply do not agree that this is loading the bill up unreasonably. It is a reasonable approach. It is a revolving fund.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ASHLEY. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks, and to proceed for 3 additional minutes.)

Mr. ASHLEY. Mr. Chairman, contrary to the statements of the author of this amendment, the use of Treasury rate—rather than 3 percent—loans does not eliminate the budget impact problem. The program involves real outlays and use of Treasury borrowing authority. This would show up in the budget except for a provision in the amendment which states by legislative fiat that the program will be considered outside the budget. That is a neat way of handling it; is it not? This exclusion does not change the economic impacts of additional Treasury borrowing and will not eliminate the administration's objections to the 202 program.

The administration's problems, I might say, will be further magnified and compounded if, as seems entirely possible, this additional $1½ billion in budget authority is subject to the impoundment restrictions of the Congressional Budget and Impoundment Control Act of 1974.

The amendment offered by the gentleman provides for a program supported by back-door financing outside of appropriations control with outlays and borrowings specifically excluded from the budget. This means that at a time when inflation is the major problem affecting the country as a whole—and the elderly more so than anyone—the Congress is being asked to enact legislation freed from appropriation and budgetary restraints that are among our principal weapons for dealing with inflation.

This is not only objectionable in itself but is an open invitation for further efforts to exempt other special interests and groups from budget restraints.

Mr. Chairman, we all love the elderly. In an election year we love them loudly. But this is an open invitation, if we are to pursue this kind of legislative tack, to do it for schoolteachers and for widows of police killed in action and for all the rest.

Mr. Chairman, the amendment, even though it contemplates loans based on Treasury borrowing rates, is far from costless to the Government. The additional borrowing will have the effect of increasing interest costs on the Federal debt as a whole. Even though this increase is very small—7.5 basis points, if the full $1.5 billion were used in the first year—the impact is substantial because the total debt affected is very large, with $120 billion being refinanced each year. This is what we are talking about right now. Accordingly, it is estimated that $171 million in interest costs on the debt as a whole could be added over the first 2 years if the entire $1.5 billion authorized were used at the beginning of the program.

The gentleman says this is not to be done. I say there is no assurance of that, but in any event this is bound to be costly and budget impacting on the basis of what I said today.

There is no need for the use of section 202 in order to provide capital financing for projects specially designed for the elderly to be assisted under the section 23 program. Financing can be obtained through fully insured FHA loans, including loans insured under the section 231 program which is specifically designed for the elderly. Mortgage limits for the section 231 program, like those of other major FHA programs would be increased by the bill. Section 203 rents can also be determined in such a way as to allow for special amenities for the elderly and

use of 202 is wholly unnecessary for this purpose.

The amendment is accompanied by modifications in the proposed section 23 program which would raise the income limits for subsidized occupancy in projects financed under 202. These revised limits would allow subsidies to be paid to elderly individuals or families having incomes of $10,000 to $15,000 or more.

On what basis, on what possible justification is this being done?

Moreover, it may be contemplated that such families would only have to pay 20 percent of their incomes for rent, even though they obviously could afford to pay more. It is difficult to justify subsidies for individuals and couples at this level when there are so many other poor families paying much more in substandard housing.

Finally, Mr. Chairman, the use of Treasury borrowing rates for fixing loan interest rates under the amendment means that the program proposed will be of little help to lower income elderly without a section 23 subsidy. In fact, at present, the amendment may result in interest rates that are not significantly different from those available under FHA programs. If and when there is an appreciable subsidy, the use of the direct loan approach means that the subsidy will be fixed for all units and—unlike section 23—cannot be varied for families of different income. Thus, to the extent that the amendment does result in projects financed with interest rates below those on private loans, the benefit will be passed on to upper- and lower-income families alike.

Since the number of units contemplated—75,000—is nearly 10 times the number of units produced in any single year under the 202 program and almost 70 percent greater than the total number of units produced under the program during its entire lifetime, the claim that past experience demonstrates the program is relatively easy to administer would be suspect because such an enormous expansion will far outrun the small, skilled staff with which it was possible to run the program in the past.

Since the chief effect of the proposal is to provide financing by the Federal Government on top of subsidy by the Federal Government, which is already authorized under the bill, the chief result is to substitute the Government as a lender rather than private enterprise with no justification showing the inadequacy of private enterprise to handle the job.

Mr. STEELE. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Mr. Chairman, I yield to the gentleman from Connecticut.

Mr. STEELE. Mr. Chairman, I would like to address myself to some of the points the gentleman raised. First of all, he emphasized what the economic impact would be if the full $1.5 billion were used in the first year——

Mr. ASHLEY. I covered that in my remarks. All I can say is that the Treasury is appalled over this amendment. I checked this out with the Treasury.

Mr. STEELE. We have also attempted to check it out, but the Treasury has declined to give Mr. WIDNALL an answer. It is clear it would be minimal over 5 to 6 years.

Mr. ASHLEY. What did they say to the gentleman?

Mr. STEELE. There is another area also in which the gentleman's information is just not accurate.

Mr. ASHLEY. I would ask the gentleman with whom he checked it out and what they said.

Mr. STEELE. The gentleman stated that under section 203——

Mr. ASHLEY. Will the gentleman answer that question?

Mr. Chairman, I decline to yield any further.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, I want to tell the gentleman, for the benefit of those on the other side, that the HUD Secretary sent word over to me that he did not want the Steele amendment, and these gentlemen over here know that.

Mr. ASHLEY. That was based on discussions with the Treasury, the gentleman says he discussed this with the Treasury but will not tell the Members of the committee what the Treasury stated.

Mr. GILMAN. Mr. Chairman, I move to strike the last word.

Mr. STEELE. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. Mr. Chairman, I yield to the gentleman from Connecticut.

Mr. STEELE. Mr. Chairman, I would just like to have an opportunity to address myself to the points raised because I think there was an inadequate opportunity to do so. Let me again say that the opponents of this measure have put great emphasis on the budget impact of the measure and have used the phrase:

If the full $1.5 billion were used in the first year.

I think the proponents of this measure know very well that there is no way it can be used in the first year. Rather, it would be used over a period of 5 or 6 years.

The second statement made is that:

There is no need for the use of 202 in order to provide capital financing for projects specially designed for the elderly.

I think it is clear that finding mortgage money on the open market today for nonprofit sponsors is virtually impossible.

The next statement is:

Section 203 rents can also be determined in such a way as to allow for special amenities for the elderly and use of 202 is wholly unnecessary for this purpose.

This is simply wrong. The homework has not been done on that question because the fact is that there are no community services tied to FHA.

The statement is made that:

These revised limits would allow subsidies to be paid to elderly individuals or families having incomes of $10,000 to $15,000 or more.

The opponents further state that:

It may be contemplated that such families would have to pay 20 percent of their incomes for rent.

That is precisely what section 23 does.

Finally, it is stated that:

The use of Treasury borrowing rates for fixing loan interest rates under the amendment means that the program proposed will be of little help to lower income elderly without a section 23 subsidy.

That simply is not true. The fact is that HUD itself estimates $40 less per month in rent for an individual unit under Treasury rates.

Mr. GILMAN. Mr. Chairman, I join in commending the gentleman from Connecticut and rise in support of the gentleman from Connecticut's (Mr. STEELE) amendments to the Housing and Urban Development Act of 1974, which is before us today. In considering these elderly housing amendments, we should bear several thoughts in mind.

While world peace is now at hand, after a generation of conflict, peace is still not at hand for our Nation's disadvantaged, whose troubles multiply daily. Especially hard hit by inflation are our Nation's elderly, most of whom are living on fixed incomes, with their purchasing power being constantly eroded. The security of our elderly—millions of Americans—is gravely threatened by the remorseless inflationary spiral.

These elderly housing amendments, now before us will help ease the pace of this erosion, for it provides relief where it is most needed—in making housing available for our elderly. Of those elderly Americans who receive less than $3,000 per year in income, approximately 14 percent have incomplete plumbing, as compared to 5.9 percent of the overall population. While their standard of housing is oftentimes low, even the retention of their existing housing is difficult for our elderly, many of whom spend upwards of 35 percent of their income for shelter. Adding on the increased cost of other necessities of life and the probability of a prolonged sickness, we have a financial picture which is bleak, indeed. One of the noblest things we as Representatives can do is to assure that those who have spent their lives in labor can in their golden years rest comfortably, in peace and with dignity.

Much of the housing for our elderly is a national disgrace—a shameful condition which these amendments seek to eradicate; for under the terms of these amendments, two things will be done: first, low interest, direct nonsubsidized loans will be made available to nonprofit sponsors for building housing for our elderly; second, rent subsidies will be guaranteed and available for such housing.

Accordingly, Mr. Chairman, I urge my colleagues to support these worthy amendments to the Housing and Urban Development Act of 1974.

Mr. PATMAN. Mr. Chairman, I wonder if we can agree on the time and then vote on this bill. Let us see how many are standing up. I ask unanimous consent that we vote in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BLACKBURN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that discussion and voting on all amendments to title II end at 5:35.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BLACKBURN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. BLACKBURN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLACKBURN. Mr. Chairman, is the gentleman making his request relative to these amendments or is it to the title?

The CHAIRMAN. The gentleman from Texas will please restate his request.

MOTION OFFERED BY MR. PATMAN

Mr. PATMAN. Mr. Chairman, I move that debate on this amendment and all amendments thereto close at 5:40 instead of 5:35.

The CHAIRMAN. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

The CHAIRMAN. Members standing at the time the motion was agreed to will be recognized for 1 minute each.

Mrs. HECKLER of Massachusetts. Mr. Chairman, as has been previously stated, the amendment before us is the fulfillment of the goal set by the 1971 White House Conference on Aging, which recommended that at least 120,000 units of housing be constructed each year specifically for the elderly, as the minimum necessary to provide decent, safe housing at a cost they can afford.

More recently, the Republican Task Force on Aging, on which I have been proud to serve, has endorsed the program set forth in these amendments as the most efficient, effective mechanism to meet our national needs for elderly housing.

As the original proponent of this type of revolving fund mechanism, I am particularly interested in seeing a reactivation of section 202 program.

The advantages of this proposal are manifold. Perhaps the most significant is that it assures a continued source of funds for mortgage loans at rates that will attract nonprofit sponsors to the construction and management of elderly housing developments. These sponsors, such as churches, civic associations, and labor unions, have proved to be good managers of housing projects, and I feel that we will be taking a great step forward by bringing their good managerial skills together with an adequate source of mortgage funds.

No one can deny that the need for new elderly housing has been clearly established. In many areas of the country, elderly citizens are waiting for years before housing becomes available. Even when a senior citizen is accepted in a project, the cost remains high. They pay an average of 34 percent of their income for housing, while younger householders pay only about 23 percent. Rents have increased as much as 50 and 60 percent in some areas, and with the cost of food rising at record rates, many of our elderly poor are in desperate straits.

Mr. Chairman, this proposal builds on the success of the past. The section 202 program never had a default, and was run effectively by a small staff here in Washington.

The passage of this amendment, and its subsequent enactment into law, would end the desperate struggle which our older citizens now face to live in the decent, affordable housing they deserve. I urge my colleagues to respond to this need by voting for this amendment.

Mr. BAUMAN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Connecticut (Mr. STEELE) which would provide for the construction of urgently needed housing for the elderly. It is apparent that H.R. 15361 as reported to the floor does not meet the challenge of providing adequate housing for the increasing elderly population of our Nation. The bill does not provide the necessary incentive for individuals to enter into the housing market to build specially designed and equipped housing for the elderly. As all of us know, the recent rise in interest rates including the rates for home mortgages has drastically reduced the construction of housing in this country, and it is vital that the Government assist the private sector in providing the needed new housing for this segment of our population.

It is my understanding that the program which the gentleman from Connecticut wishes to reestablish, the so-called "202 program," was phased out in 1969. This was done evidently as a result of increasing pressure on the Federal budget, and while the budget deficit in this coming fiscal year is estimated to be approximately $10 billion the new approach offered by this amendment will not increase the budget deficit. Under this amendment the moneys authorized for this program, approximately $1.5 billion, will be borrowed at the Treasury borrowing rate and be administered through the establishment of a national housing loan fund for the elderly and the handicapped.

This amendment will also further help the needs of the elderly by making housing built under the 202 program eligible for the lease-back program under section 23 of the Housing Act. This program enables local housing authorities to lease apartments from private owners and in turn sublet them at much lower rates to low-income elderly persons.

I wish to commend the gentleman from Connecticut, who is the chairman of the Republican Task Force on the Aging, for the dedicated work he has done on the many serious problems affecting the aged in this country. His amendment is a good example of the serious legislation that is the product of weeks of consideration by his fine task force. In summary, this amendment would:

First, sets forth the need for housing programs for the elderly, not adequately set forth in the housing measure which is before us;

Second, reinstitute a constructive housing development program which would provide for the construction of the needed housing for the elderly by providing direct loans at the prevailing Treasury rate to certain sponsors who will construct such housing;

Third, make such housing eligible for lease-back to elderly low-income residents by local public housing authorities; and

Fourth, provide that projects approved under this new housing development program will be fully supported by State and local comprehensive services for the elderly and the handicapped.

Indeed, this amendment has the full support of most of the groups organized to aid the elderly, including such leading groups as the American Association of Retired People (AARP).

Once again, I commend my colleague from Connecticut (Mr. STEELE), for offering this vitally needed amendment and would hope that the House will approve this amendment.

(By unanimous consent, Mr. BAUMAN yielded his time to Mr. BLACKBURN.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Chairman, I appreciate the gentleman from Maryland (Mr. BAUMAN) yielding his 1 minute to me.

Mr. Chairman, I support the amendments offered by the gentleman from Connecticut. One of the areas in which I have spent a great deal of time investigating is that of housing for the elderly. I have found that the only program which has truly been effective in delivering the specialized services, the specialized needs, the recreational facilities, the community facilites, and all of the things that are necessary for effective housing for the elderly has only been forthcoming in section 202 programs.

I do not apologize to any Member in this House about voting to maintain the economy or voting to balance the budget. My record on votes to balance the budget is unequaled by any other Member of this House, and I would challenge any Member who votes against these amendments on the ground of budgetary impact to match his voting record in this field against my own.

At the present time the 202 program fund is receiving payments against approximately $650,000,000 in outstanding loans.

When we consider this, I suspect that actually the amount of money that will have to be borrowed by the Treasury Department to make this a sustaining and a continuing program will be miniscule as far as total budgetary impact on this country is concerned.

But I do know one thing: If we are

really sincere, if we really mean it when we say we want to do something for the elderly in this country, we will vote for the Steele amendments, and I can assure the Members that the budgetary impact will be minor in comparison to the benefits that will be derived, and in relation to the total budget of the United States.

Mr. HUNT. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I will be happy to yield to the gentleman from New Jersey.

Mr. HUNT. Mr. Chairman, I want to add my support to the Steele amendments and to what the gentleman in the well has just said.

I come from an area where the 202 program has been a very distinct success. We have some fine housing there for the elderly, and we need more. This is one of the very few good projects that has ever come out of this bill. It will help stimulate participation in the program.

Many of our unions, the IEW and others, have put their money in projects such as this. We have found that we have been able to get help through other organizations to put up housing for the elderly.

We talk about helping those people who cannot help themselves. We should be willing to help elderly people, those people who are too sick or too old and feeble to help themselves.

The elderly can be helped through this section 202, and we should adopt the amendments offered by the gentleman from Connecticut (Mr. STEELE).

I wish to commend the gentleman from Connecticut (Mr. STEELE) and the gentleman in the well, the gentleman from Georgia (Mr. BLACKBURN).

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Chairman, I rise reluctantly to oppose these amendments.

There is a modest increase in spending for housing in the bill as we now find it before us. And there is money for housing for the elderly. Personally, I would prefer no increase above present spending limits which amount to about $2 billion per year. In my judgment we can help the elderly more by reducing inflation. Now we have recognized the need to reduce inflation and the need for budget control by passing the Budget Control Act just this week.

Are our memories so short that we are now going to pass an amendment providing for back door spending not contemplated by the budget? We have acted on budget control just 48 hours ago and now we are about to say we did not really mean it.

Mr. Chairman, I introduced a bill modeled after one introduced by the gentleman from Iowa (Mr. GROSS) H.R. 144, which provides that there will be no Federal spending above income. Much of the support I have received for my bill has come from persons on fixed income. I could not in good conscience support this inflationary amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I support these amendments, and I do so primarily because of my direct contact with elderly citizens in my district who cannot find housing. I simply have not been able to find in the legislation that the committee brought before us the kind of special attention to the problems of the elderly that I think they deserve.

The main arguments I have heard against these amendments are that they are likely to produce a veto. I think we should do what we think is right and not simply try to gear our propositions in this House to what we anticipate may lead to a possible veto.

I may add that, with all the support expressed for this amendment from members of the minority, I should think a veto could be prevented.

These amendments would rectify a serious omission in the bill before us today by providing for a direct loan program to nonprofit sponsors to construct specialized housing for the elderly, and would guarantee special rent subsidies to the elderly.

Behind these amendments is the recognition that the problems of senior citizens are especially acute and that their needs require special measures in order to meet them. The living conditions of too many of our Nation's elderly are a tragic disgrace. Of the 20 million Americans who are 60 and older, over 23 percent live in poverty. Of the 12.4 million households with heads aged 65 and older, 47 percent have incomes under $3,000.

The implications of these figures for housing are grim. The elderly must spend an exceptionally high proportion of their income on housing. In many cases this forces the depletion of valuable savings and the interest earned on them. With housing costs so excessive, the elderly must manage with less of other essential goods and services, such as food, clothing, medical supplies, and transportation. Illness, taxes, and unexpected financial problems are far more serious matters for the elderly than for any other group.

Furthermore, meeting the housing needs of older Americans is complicated by the special requirements of adequate senior citizen housing. This housing must include more than four walls and a roof. It must minimize distances of walking and climbing, and be placed in neighborhoods which are safe, friendly, and concerned for the welfare of their older residents. Essential goods and services must be readily and closely available.

The elderly are, therefore, the least adaptable of all our citizens in their requirements for housing. It is not that senior citizens are helpless, but that economic, social, and cultural conditions put them at a severe disadvantage. The elderly are plagued by low and fixed incomes, social isolation, crime, and recurrent health problems.

In urban areas these conditions are most critical. The median income of New York City's over-60 population is $2,700, $300 below the poverty level. In New York the number of poor and near-poor—those hovering at or just above the poverty level—among the elderly is estimated to be 600,000. Waiting lists for public housing there include over 45,000 citizens aged 62 and older. The New York City Housing Authority estimates that the real level of need of the elderly for low-income housing is 75,000 units, as much as the total these amendments are expected to provide.

The $1.5 billion in loans at below-market interest rates which would be made to nonprofit sponsors for housing construction under these amendments hopefully would represent some response to these pressing needs in New York City and throughout the country. Housing built under the provisions of these amendments would be specially constructed with the needs of the elderly in mind, and accompanied by plans to insure the presence of needed social services.

It is worthwhile to remember that these amendments are not an untried experiment but a modified reinstatement of section 202. This program existed for 10 years, terminating in 1969, and was very successful, building 45,000 housing units without failure or scandal. While under these amendments, Government would borrow at Treasury rates and at 3 percent. Estimates are that resulting rents would be $50 under market rates without incurring draining costs to taxpayers.

Some Members have suggested that housing for senior citizens be taken up as separate legislation. However, neither the Congress nor our Nation's elderly can afford the luxury of the time which would enable this route to be taken. The desperate need for housing for the elderly which is exemplified in my district compels the Congress not to delay any longer than it already has, particularly in light of the administration's "moratorium" on Federal funds for public housing construction. Furthermore, we should keep in mind that events later in the summer may well force the Congress to postpone consideration of these and many other important issues.

Mr. Chairman, a nation as affluent as ours can surely afford to care for its most respected citizens.

My main concern with the Steele amendments is whether the program envisioned will actually produce housing for the elderly in cities such as New York where land costs and construction costs are so terribly high. However, in view of the widespread support for the Steele amendments from well informed organizations such as the National Council for Senior Citizens, I urge my colleagues to vote for them.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. REES).

Mr. REES. Mr. Chairman, as usual, I find myself a rather confused member of the Committee on Banking and Currency.

In the subcommittee and in the full committee this was a compromise bill.

Every time some of us who believed in 235 or 236 or in the expansion of section 23 asked for something the minority said, no, "we are going to veto the bill" if anything is added. So all the Democrats, the members of the majority party, were threatened with the fact that we could not expand the bill because the President would veto it.

Now I see every new amendment that adds more money, billions of dollars, has been offered by the minority. Are they going to guarantee that if all of their amendments going into this bill that they will guarantee us a veto-proof bill? If they do, then I think we should come up with some of the amendments we lost in the subcommittee and in the full committee, because we were told that if we broke the line the bill was going to be vetoed. I would just like that question answered.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. BIAGGI was allowed to yield his time to Mr. REES.)

Mr. REES. I would like to ask the minority, the gentleman from Michigan (Mr. BROWN), who is the floor manager of the bill for the minority, this question: Here is something that is adding about $1.5 billion for senior citizens' housing. Have you changed your mind now? Are you supporting this?

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. REES. I yield to the gentleman.

Mr. BROWN of Michigan. I do not support the amendment. I do not think the Republican Party on this side is any more monolithic than the Democratic Party on the other side.

Mr. REES. I think it is pretty monolithic. But are you supporting it or not?

Mr. BROWN of Michigan. No, I am not supporting it, and if the gentleman will give me his time, I will be happy to speak in opposition to the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. MYERS).

Mr. MYERS. Mr. Chairman, I rise in strong support of this amendment.

I realize the argument that has been made now that this will be inflationary. However, you are going to ask the senior citizens of this country, who have contributed so much to the country, many of whom have no other way to provide the needed housing, to make the extreme sacrifice and go all the way in order to stop inflation here.

This is a matter of priorities. When you add another $700,000 or $800,000 for things that are not needed in various places and then you come along here with $1.5 billion to provide needed homes for folks who have no other way of providing these facilities, I just do not see how you can justify it.

I know you will say next week that this is another half a billion dollars that is added here, but there is a lot of difference in priorities. Most of the speakers on this side are just as concerned and have voting records just as good to prove that they are just as concerned about inflation. The question is where do we make the cuts. That is where too many speakers have failed to distinguish between the differences.

I rise in strong support of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, before the Members vote on this proposed amendment they should recognize that the old section 202 program which had a 3-percent interest rate in the period up to 1969, built only 30,000 units, and that was at a 3-percent interest rate. Today the interest rate would be in excess of 8 percent, so I do not think the program will be half as successful as was the old program.

I think the Members should know that under the bill that the committee brings to the floor we expect in 1 year 400,000 units in section 23 to be built, and the bill provides that "at least 20 percent of the total amount of contracts shall be available solely to low-income housing, and elderly and handicapped persons. That means in 1 year 80,000 units for the elderly.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Connecticut (Mr. STEELE) and I wish to assure the gentleman from California (Mr. REES) and others, that there are some of us on this side of the aisle that do want a housing bill, and one that will withstand a Presidential veto. We are committed to support the Committee on Banking and Currency on what we think in overall is a very fine product.

Some very firm speeches were made, and I made one of them a couple of days ago on this floor in behalf of budget reform, and in which I reminded the Members of this body that it was going to take some very strong discipline to resist the temptations that constantly develop, in connection with something which is very appealing like this, to finance programs outside of the Federal budget. This amendment clearly involves backdoor spending that would not be subject to the budgetary process.

I hope the amendment will be rejected.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Moss).

Mr. MOSS. Mr. Chairman, I think this program is an excellent one, and the amendment is one that should be adopted. Whether or not it would face a veto is not a matter of great concern to me at this moment.

I know that the program in my district has been successful. I know that the people of my district want the program. So I intend to give it my vote and discharge my responsibility to them, and deal with whatever threats of veto might arise at a later time.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRENZEL).

(By unanimous consent, Mr. FRENZEL yielded his time to Mr. BROWN of Michigan.)

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. BROWN) for 2 minutes.

Mr. BROWN of Michigan. Mr. Chairman, the discussion that has been taking place here on the floor of the House is about a program which has been very successful, but the amendment offered by the gentleman from Connecticut (Mr. STEELE) is not that program.

The reason that program has been successful is because it had a 3-percent interest rate. The Steele amendment goes to Treasury market rates. And, there is little difference between the rate on Treasury borrowings and FHA insured mortgages which are to be used in the section 23 program.

Do we get more units under the Steele amendment? The answer is "no".

Is the amendment inflationary? The answer is "yes," with the direct Treasury borrowings provided for in the amendment.

Is the amendment discriminatory? The answer is "Yes", because everyone else can come along and say "give us the same right to go directly to Treasury for our funds and help us outside of the budget."

In short, what the Conference on Aging supported was a continuation of the old 202 program as it existed, and there was no section 23 program, not a modified section 23 program, available as an alternative to be considered at that time.

If the Members will look at the committee report they will see all of the things we have done for the elderly, and it describes and earmarks portions of the funds for the elderly and the handicapped.

I suggest that what the Conference on the Aging supported was some way of special treatment in the way of housing for the elderly and the handicapped. The section 23 program, as we have proposed it, does it. It treats everybody the same, since private developers, local housing agencies, all of them, can become sponsors of housing for the elderly.

The housing for the elderly in the 23 program is not even subject to the preference which the Secretary must give to nonelderly projects that only have 20 percent assisted units.

Mr. Chairman, I am saying the arguments made in support of this amendment are fine arguments. The trouble is they are just not applicable in support of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Chairman, as I said earlier today, over 14,000 people in my county of Dade are trying to get into low-cost housing and are not able to do so. Some of them have been waiting for 5 years. Now, when we have up on this floor the first housing bill we have had for some time and we try to make it somewhat adequate to the needs of the

elderly poor, we are told it might be vetoed if we do that. We do not have the money to do that.

Mr. Chairman, we have the money to fight a war in Vietnam. We have the money to give to the Arabs, apparently, according to recent events. We have the money for other things we want to do. I think we ought to adopt an amendment that will do more for the elderly poor of this country. Therefore, I am proud to associate myself with this amendment that is offered by the gentleman from Connecticut.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, I want to point out here that in the last year all of the Members of this House—most of them with considerable seniority—kept asking me, "Are you going to bring in one of those big, cumbersome housing bills over here? We want to tell you that if you bring anything here on the basis of back-door spending, we are going to be absolutely against it."

Mr. Chairman, this amendment is back-door spending. It adds another $1½ billion to this bill. I do not think, Mr. Chairman, there is anybody in this House who wants to do more for the elderly than I do. I fought hard to get section 202 in the Housing Act of 1959 and I am saying at this time I want to get housing, and I do not want to send a bill down there which will be vetoed.

Mr. Chairman, I hope we vote this amendment down.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. J. WILLIAM STANTON).

Mr. J. WILLIAM STANTON. Mr. Chairman, I rise in opposition to this amendment.

There are several false assumptions, I think, that the House is under. First of all, in the 10 years that I have been on this Housing Subcommittee, we do more in this bill today, I think, for housing the elderly than ever has been done, to my knowledge, in any bill that has ever come before this committee before.

Second, Mr. BROWN was right. The old 202 program was the type that made it popular due to the 3-percent-ilnterest rates.

Third—and I think the Members should clearly understand this—I say to my friends on this side of the aisle, do not, I hope sincerely, follow the lead that was brought up awhile ago on the other side of the aisle. I have been rather proud that we have had a consistent vote against the back-door spending. So I hope sincerely that my colleagues will remember this day, because, clearly, this is what the administration is so strongly and staunchly against. I hope the Members clearly understand this amendment before they do vote.

I will agree, like the amendment that passed before, it sounds so much like motherhood, but it is the wrong thing to do.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. PATMAN).

Mr. PATMAN. Mr. Chairman, a vote for this amendment would be a vote for excessive and exorbitant interest rates for elderly housing. It would be a vote for an elderly family buying a $20,000 home, requiring that they buy the home and pay $40,000 interest and $20,000 for the home, or $60,000 in all.

In other words, the Members would be voting to require elderly people to pay for three homes in order to get a fee simple title to one home.

Mr. Chairman, it should be voted down.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Connecticut (Mr. STEELE).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BLACKBURN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 274, noes 112, not voting 47, as follows:

[Roll No. 310]

AYES—274

Abdnor	Dellums	Hungate
Abzug	Denholm	Hunt
Adams	Dent	Johnson, Calif.
Addabbo	Derwinski	Johnson, Colo.
Alexander	Diggs	Johnson, Pa.
Andrews, N. Dak.	Dingell	Jones, Ala.
	Donohue	Jones, Tenn.
Aspin	Drinan	Jordan
Badillo	Dulski	Karth
Bafalis	Duncan	Kastenmeier
Baker	du Pont	Kazen
Bauman	Eckhardt	Kemp
Beard	Edwards, Calif.	Ketchum
Bell	Eilberg	King
Bergland	Erlenborn	Kluczynski
Biaggi	Fascell	Koch
Biester	Findley	Kuykendall
Bingham	Fish	Kyros
Blackburn	Flood	Lagomarsino
Blatnik	Foley	Latta
Boggs	Ford	Leggett
Bowen	Forsythe	Lehman
Brademas	Fraser	Lent
Bray	Frey	Litton
Breaux	Froehlich	Long, La.
Breckinridge	Fulton	Lott
Brinkley	Fuqua	Luken
Broomfield	Gaydos	McClory
Brotzman	Giaimo	McCloskey
Broyhill, N.C.	Gibbons	McCollister
Broyhill, Va.	Gilman	McCormack
Buchanan	Ginn	McDade
Burke, Calif.	Goldwater	McEwen
Burke, Fla.	Gonzalez	McKinney
Burke, Mass.	Grasso	Madden
Burton	Gray	Madigan
Butler	Green, Pa.	Maraziti
Carney, Ohio	Grover	Mathis, Ga.
Carter	Gubser	Mayne
Chappell	Gude	Mazzoli
Chisholm	Gunter	Meeds
Clark	Guyer	Melcher
Clausen, Don H.	Haley	Metcalfe
	Hamilton	Mezvinsky
Clay	Hammer-schmidt	Miller
Cleveland		Minish
Cochran	Hanley	Mink
Cohen	Hanrahan	Mitchell, Md.
Collins, Ill.	Harsha	Moakley
Conable	Hays	Morgan
Conlan	Hechler, W. Va.	Mosher
Conte	Heckler, Mass.	Moss
Conyers	Heinz	Murphy, Ill.
Cotter	Helstoski	Murphy, N.Y.
Coughlin	Henderson	Murtha
Cronin	Hicks	Myers
Culver	Hillis	Natcher
Daniel, Robert W., Jr.	Hinshaw	Nedzi
	Hogan	Nelsen
Danielson	Holt	Obey
de la Garza	Holtzman	O'Hara
Delaney	Hudnut	O'Neill
Owens	Roybal	Udall
Parris	St Germain	Vander Veen
Pepper	Sandman	Vanik
Perkins	Sarasin	Veysey
Pettis	Sarbanes	Vigorito
Peyser	Schroeder	Waldie
Pike	Sebelius	Walsh
Podell	Seiberling	Wampler
Powell, Ohio	Shipley	Whalen
Price, Ill.	Shoup	White
Price, Tex.	Shriver	Whitehurst
Pritchard	Sisk	Whitten
Quie	Skubitz	Widnall
Railsback	Slack	Wilson, Bob
Randall	Smith, Iowa	Wilson, Charles H., Calif.
Rangel	Staggers	
Regula	Stark	
Reid	Steele	Wilson, Charles, Tex.
Rinaldo	Steelman	
Roberts	Steiger, Ariz.	Winn
Robinson, Va.	Steiger, Wis.	Wolff
Robison, N.Y.	Stephens	Wright
Rodino	Stokes	Wydler
Roe	Stubblefield	Yates
Rogers	Studds	Yatron
Roncalio, Wyo.	Symington	Young, Fla.
Roncallo, N.Y.	Talcott	Young, Ga.
Rooney, Pa.	Thone	Young, S.C.
Rosenthal	Thornton	Zablocki
Rostenkowski	Tiernan	Zion
Roush	Towell, Nev.	Zwach
Roy	Traxler	

NOES—112

Anderson, Ill.	Fountain	Poage
Andrews, N.C.	Frelinghuysen	Preyer
Annunzio	Frenzel	Rarick
Archer	Gettys	Rees
Arends	Goodling	Reuss
Armstrong	Green, Oreg.	Rousselot
Ashley	Gross	Runnels
Barrett	Hanna	Ruth
Bennett	Hansen, Idaho	Satterfield
Bevill	Harrington	Scherle
Boland	Huber	Schneebeli
Bolling	Hutchinson	Shuster
Brooks	Jarman	Sikes
Brown, Calif.	Jones, N.C.	Smith, N.Y.
Brown, Mich.	Jones, Okla.	Snyder
Brown, Ohio	Landrum	Spence
Burleson, Tex.	Long, Md.	Stanton, J. William
Burlison, Mo.	Lujan	
Byron	McFall	Stanton, James V.
Camp	McKay	
Casey, Tex.	Mahon	Steed
Cederberg	Mallary	Stratton
Chamberlain	Mann	Sullivan
Clancy	Martin, Nebr.	Taylor, Mo.
Collier	Martin, N.C.	Taylor, N.C.
Collins, Tex.	Michel	Thomson, Wis.
Corman	Milford	Treen
Daniel, Dan	Minshall, Ohio	Ullman
Davis, Wis.	Mizell	Van Deerlin
Dellenback	Montgomery	Vander Jagt
Dennis	Moorhead, Calif.	Waggonner
Dickinson		Ware
Downing	Moorhead, Pa.	Wiggins
Eshleman	Nix	Williams
Evans, Colo.	O'Brien	Wyatt
Evins, Tenn.	Passman	Wylie
Fisher	Patman	Young, Tex.
Flowers	Patten	
Flynt	Pickle	

NOT VOTING—47

Anderson, Calif.	Hansen, Wash.	Nichols
	Hastings	Quillen
Ashbrook	Hawkins	Rhodes
Brasco	Hébert	Riegle
Burgener	Holifield	Rooney, N.Y.
Carey, N.Y.	Horton	Rose
Clawson, Del	Hosmer	Ruppe
Crane	Howard	Ryan
Daniels, Dominick V.	Ichord	Stuckey
	Landgrebe	Symms
Davis, Ga.	McSpadden	Teague
Davis, S.C.	Macdonald	Thompson, N.J.
Devine	Mathias, Calif.	Wyman
Dorn	Matsunaga	Young, Alaska
Edwards, Ala.	Mills	Young, Ill.
Esch	Mitchell, N.Y.	
Griffiths	Mollohan	

So the amendments were agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIAGGI: On page 55, line 13, after the close of the parentheses bracketing the end of the word 'Secretary' insert the following: "and provided citizens likely to be affected by the proposal or application with full information concerning the proposal, held public hearings to obtain the views of such citizens on the proposal or application, and provided such citizens an adequate opportunity to participate in the development of the proposal or application."

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, I just wish to point out that the next four titles are not controversial. I think if we can get cooperation from the Members here, we probably could clean this up within the next hour.

Mr. BIAGGI. Mr. Chairman, I rise to speak in support of my amendment to H.R. 15361, the Housing and Urban Development Act of 1974, and to urge its passage.

One of the most commendable developments in the legislation before us is the abandonment of categorical grant programs and the adoption of the block grant approach. This step signals the commitment of Congress to the principle of local control in the housing field. It is one of a number of actions the Congress has taken in a whole range of legislation to enforce that principle.

We have recognized, at long last, that we cannot and should not try to run everything from Washington, that local officials know local needs better than we do. It is our job to provide the funds and the general guidelines. It is their job to draw up the programs and make them work.

I am urging we take a further—and I believe very necessary—step in this direction. My amendment says that no project should be built in any neighborhood without full citizen participation in planning the location, character, and construction of that project.

It is true that in the legislation before us we already have citizen participation requirements in the formation of the general housing and development plan before its submission to HUD by the local government. This is admirable and as it should be. But it does not fully cover the problem. For the general housing plan need only specify the general location of new housing to be built.

We know from cities around the country—and I know from the Forest Hills situation in my own city of New York—that unless citizens have input at the final stage when the project is about to be built, they are quite likely to have something foisted on them by an unresponsive city hall, as was the case with Forest Hills. That result makes a mockery of the principle of local control we are developing in this bill.

We must not commit such fraud. Local citizens should have the right to control their own destiny, and local neighborhoods, while they have an obligation to the overall environment of the city, should be able to preserve their character.

I urge my amendment be adopted.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

I point out that on page 7 of the bill to start with we find the language:

No grant may be made pursuant to section 106 unless an application shall have been submitted to the Secretary in which the applicant—

And then we go over to page 9, where there is a number of requirements, and on line 14 thereof it says:

No grant may be made pursuant to this section 106 unless an application shall have been submitted to the Secretary in which the applicant

(5) provides satisfactory assures that, prior to submission of its application, it has (A) provided citizens likely to be affected by proposed community development and housing activities with aedquate information concerning the amount of funds available for such activities, the range of activities that may be undertaken, and other important program requirements, (B) held public hearings to obtain the views of such citizens on community development and housing needs, and (C) provided such citizens an adequate opportunity to participate in the development of the application;

This language is enough to provide for citizen participation both with respect to community development activities and with regard to assisted housing. I cannot imagine what additional language would do for us.

This is a matter on which the subcommittee worked very diligently and on which I submit there was a unanimity of agreement from both the Republicans and the Democrats.

Originally there were a number of questions raised with respect to the adequacy of citizen participation both with respect to community development and housing.

After considerable work we refined the language to the satisfaction, as I recall, of everybody present. So I would most earnestly suggest that the requirement of citizen participation has been satisfied in a thoroughly complete manner.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding. I would just like to associate myself with the remarks of the gentleman from Ohio (Mr. ASHLEY). I quite concur with the gentleman. I think the subject is adequately taken care of in the bill without this amendment, and feel that the amendment would simply further clutter and confuse the present system of citizen participation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BIAGGI).

The amendment was rejected.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that we vote at 8:05 p.m. tonight on this bill and all amendments thereto.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on the bill and all amendments thereto close at 8:05 p.m. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Are there additional amendments to title II? If not, the Clerk will read.

The Clerk read as follows:

TITLE III—MORTGAGE CREDIT PROGRAMS

EXTENSION OF REGULAR FHA INSURANCE PROGRAMS

SEC. 301. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1974" in the first sentence and inserting in lieu thereof "June 30, 1977".

(b) Section 217 of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977".

(c) Section 221(f) of such Act is amended by striking out "October 1, 1974" in the fifth sentence and inserting in lieu thereof "June 30, 1977".

(d) Section 809(f) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(e) Section 810(k) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(f) Section 1002(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(g) Section 1101(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

FLEXIBLE INTEREST RATE AUTHORITY

SEC. 302. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977".

INCREASE IN MAXIMUM MORTGAGE AMOUNTS UNDER FHA ONE- TO FOUR-FAMILY MORTGAGE INSURANCE PROGRAMS

SEC. 303. (a) Section 203(b) (2) of the National Housing Act is amended by striking out "$33,000", "$35,750", and "$41,250" wherever they appear and inserting in lieu thereof "45,000", "$48,750", and "$56.000", respectively.

(b) Section 220(d)(3)(A) of such Act is amended by striking out "$33,000", "$35,750", and "$41,250" wherever they appear and inserting in lieu thereof "$45,000", "$48,750", and "$56,000", respectively.

(c) Section 222(b)(2) of such Act is amended by striking out "$33,000" and inserting in lieu thereof "$45,000".

(d) Section 221(d)(2)(A) of such Act is amended—

(1) by striking out "$18,000", "$21,000", "$24,000", "$32,400", and "$39,600" in the matter preceding the first proviso and inserting in lieu thereof "$21,600", "$25,000", "$28,000", "$38,880", and "$47,520", respectively; and

(2) by striking out "$21,000", "$24,000", "$30,000", "$38,400", and "$45,600" in the second proviso and inserting in lieu thereof "$25,200", "$28,800", "$36,000", "$46,080", and "$54,720", respectively.

(e) Section 234(c) of such Act is amended

by striking out "$33,000" and inserting in lieu thereof "$45,000".

(f)(1) The last proviso in section 235(b)(2) of such Act is amended by striking out "$18,000", "$21,000", "$21,000", and "$24,000" and inserting in lieu thereof "$21,600", "$25,200", "$25,200", and "$28,800", respectively.

(2) Section 235(i)(3)(B) of such Act is amended by striking out "$18,000", "$21,000", "$21,000", and "$24,000" and inserting in lieu thereof "$21,600", "$25,200", "$25,200", and "$28,800", respectively.

INCREASE IN MAXIMUM MORTGAGE AMOUNTS UNDER FHA MULTIFAMILY MORTGAGE INSURANCE PROGRAMS

SEC. 304. (a)(1) Section 207(c)(3) of the National Housing Act is amended by striking out "$9,900", "$13,750", "$16,500", "$20,350", "$23,100", and "$2,500" in the matter preceding the first semicolon and inserting in lieu thereof "$31,000", "$18,000", "$21,500", "$26,500", "$30,000", and "$3,250", respectively.

(2) Section 207(c)(3) of such Act is further amended by striking out "$11,550", "$16,500", "$19,800", "$24,750", and "$28,050" in the matter following the first semicolon and inserting in lieu "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465", respectively.

(b)(1) Section 213(b)(2) of such Act is amended by striking out "$9,900", "$13,750", "$16,500", "$20,350", and "$23,100" in the matter preceding the first proviso and inserting in lieu thereof "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000", respectively.

(2) Section 213(b)(2) of such Act is further amended by striking out "$11,550", "$16,500", "$19,800", "$24,750", and "$28,050" in the first proviso and inserting in lieu thereof "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465", respectively.

(c)(1) Section 220(d)(3)(B)(iii) of such Act is amended by striking out "$9,900", "$13,750", "$16,500", "$20,350", and "$23,100" in the matter preceding "except" where it first appears and inserting in lieu thereof "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000", respectively.

(2) Section 220(d)(3)(B)(iii) of such Act is further amended by striking out "$11,550", "$16,500", "$19,800", "$24,750", and "$28,050" in the matter following "except" where it first appears and inserting in lieu thereof "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465", respectively.

(d) Section 221(d)(3)(ii) of such Act is amended—

(A) by striking out "$9,200", "$12,937.50", "$15,525", "$19,550", and "$22,137.50" and inserting in lieu thereof "$11,240", "$15,540", "$18,630", "$23,460", and "$26,570", respectively; and

(B) by striking out "$10,925", "$13,500", "$18,400", "$23,000", and "$26,162.50" and inserting in lieu thereof "$13,120", "$16,200", "$22,080", "$27,600", and "$32,000", respectively.

(e)(1) Section 221(d)(4)(ii) of such Act is amended by striking out "$9,200", "$12,937.50"; "$15,525", "$19,550", and "$22,137.50" in the matter preceding the first semicolon and inserting in lieu thereof "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038", respectively.

(2) Section 221(d)(4)(ii) of such Act is further amended by striking out "$10,525", "$15,525", "$18,400", "$23,000", and "$26,162.50" in the matter following the first semicolon and inserting in lieu thereof "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578", respectively.

(f)(1) Section 231(c)(2) of such Act is amended by striking out "$8,800", "$12,375", "$14,850", "$18,700", and "$21,175" in the matter preceding the first semicolon and inserting in lieu thereof "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038", respectively.

(2) Section 231(c)(2) of such Act is further amended by striking out "$10,450", "$14,850", "$17,600", "$22,000", and $25,025" in the matter following the first semicolon and inserting in lieu thereof "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578", respectively.

DOWNPAYMENT REQUIREMENTS FOR REGULAR FHA ONE- TO FOUR-FAMILY MORTGAGES

SEC. 305. (a) The first and second sentences of section 203(b)(2) of the National Housing Act are each amended—

(1) by striking out "$15,000" in clause (i) and inserting in lieu thereof $25,000";

(2) by striking out "$15,000" and "$25,000" in clause (ii) and inserting in lieu thereof "$25,000" and "$35,000", respectively; and

(3) by striking out "$25,000" in clause (iii) and inserting in lieu thereof "$35,000".

(b) Section 220(d)(3)(A)(i) such Act is amended by—

(1) by striking out "$15,000" in clause (1) and inserting in lieu thereof "$25,000";

(2) by striking out "$15,000" and "$25,000" in clause (2) and inserting in lieu thereof "$25,000" and "$35,000", respectively; and

(3) by striking out "$25,000" in clause (3) and inserting in lieu thereof "$35,000".

(c) Section 222(b)(3) of such Act is amended to read as follows:

"(3) have a principal obligation not in excess of the sum of (i) 97 per centum of $25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000, and (iii) 80 per centum of such value in excess of $35,000; and".

(d) That part of clause (A) of the third sentence of section 234(c) of such Act which begins "and not to exceed" is amended to read as follows: "and not to exceed the sum of (i) 97 per centum of $25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000 (iii) 80 per centum of such value in excess of $35,000".

AMENDMENT TO PROVIDE FHA INSURED FINANCING ON RESALE OF COOPERATIVE DWELLINGS

SEC. 306. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(n)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection. To be eligible, the mortgage shall involve a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this Act. The mortgage amount as determined under the other provisions of subsection (b) of this section shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

"(2) For the purpose of this subsection—

"(A) The terms 'home mortgage' and 'mortgage' include a first lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

"(B) The terms 'appraised value of the property', 'value of the property', and 'value' include the appraised value of a dwelling unit in a cooperative housing project of the type described in subparagraph (A) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term 'property' includes a dwelling unit in such a cooperative project.

"(C) The term 'mortgagor' includes a person or persons giving a first lien (of the type described in subparagraph (A)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation."

LIMITATION ON DOLLAR AMOUNT OF GNMA-PURCHASED MORTGAGES

SEC. 307. Clause (3) of the proviso to the first sentence of section 302(b)(1) of the National Housing Act is amended by striking out "$22,000" and inserting in lieu thereof "$33,000".

TITLE I HOME IMPROVEMENT LOANS

SEC. 308. (a) Section 2(b) of the National Housing Act is amended—

(1) by striking out "$5,000" in clause (1) and inserting in lieu thereof "$10,000";

(2) by striking out "if such obligation" in clause (2) and all that follows down through "the general economy, and" inserting in lieu thereof the following: "if such obligation has a maturity in excess of twelve years and thirty-two days, except that";

(3) by striking out "twelve years and thirty-two days (fifteen years and thirty-two days in the case of a mobile home composed of two more modules)" and inserting in lieu thereof "fifteen years and thirty-two days"; and

(4) by striking out "$15,000", "$2,500", and "seven years" in the third proviso in clause (3) and inserting in lieu thereof "$17,500", "$5,000", and "twelve years", respectively.

(b)(1) Section 2(a) of such Act is amended by adding at the end thereof the following new paragraph:

"Alterations, repairs, and improvements upon or in connection with existing structures may include the provision of fire safety equipment. As used in this section, the term 'fire safety equipment' means any device or facility which is designed to reduce the risk of personal injury or property damage resulting from fire and is in conformity with such criteria and standards as shall be prescribed by the Secretary."

(2) Section 2(b) of such Act is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing limitations, any loan to finance fire safety equipment for a nursing home or other comparable health care facility may involve an amount not exceeding $50,000 and have a maturity not exceeding twenty-five years and thirty-two days."

(c) Clause (i) in the first paragraph of section 2(a) of such Act is amended by inserting "or mobile homes" immediately after "in connection with existing structures".

(d) The last sentence of section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes," approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out ", and which represent loans and advances of credit made for the purpose of financing purchases of mobile homes,".

CO-INSURANCE DEMONSTRATION PROGRAM

SEC. 309. Title II of the National Housing Act is amended by adding at the end thereof the following new section:

"CO-INSURANCE

"SEC. 244. (a) In addition to providing insurance as otherwise authorized under this Act, and notwithstanding any other provision of this Act inconsistent with this section, the Secretary, upon request of any mortgagee and for such mortgage insurance premium as he may prescribe (which premium, or other charges to be paid by the mortgagor, shall not exceed the premium, or other charges, that would otherwise be applicable), may insure and make a commitment to insure under any provision of this title any mortgage, advance, or loan otherwise eligible under such provision, pursuant to a contract providing that the mortgagee will—

"(1) assume the per centum of any loss in direct proportion to the amount of the co-insurance, which co-insurance shall not be less than 10 per centum, subject to any reasonable limit or limits on the liability of the mortgagee that may be specified in the event of unusual or catastrophic losses that may be incurred by any one mortgagee; and

"(2) carry out (under a delegation or otherwise and with or without compensation but subject to audit, exception or review requirements) such credit approval, appraisal, inspection, commitment, property disposition, or other functions as the Secretary, pursuant to regulations, shall approve as consistent with the purposes of this Act.

Any contract of insurance under this section shall contain such provisions relating to the sharing of premiums on a sound actuarial basis, establishment of mortgage reserves, manner of calculating insurance benefits, conditions with respect to foreclosure, handling and disposition of property prior to claim or settlement, rights of assignees (which may elect not to be subject to the loss sharing provisions), and other similar matters as the Secretary may prescribe pursuant to regulations.

"(b) No insurance shall be granted pursuant to this section with respect to dwellings or projects approved for mortgage insurance prior to the beginning of construction unless the inspection of such construction is conducted in accordance with at least the minimum standards and criteria used with respect to such dwellings or projects approved for mortgage insurance pursuant to other provisions of this title.

"(c) No insurance shall be granted pursuant to this section unless the Secretary has, after due consultation with the mortgage lending industry, determined that the demonstration program of coinsurance authorized by this section will not disrupt the mortgage market or reduce the availability of mortgage credit to borrowers who depend upon mortgage insurance provided under this Act.

"(d) No mortgage, advance, or loan shall be insured pursuant to this section after June 30, 1977, except pursuant to a commitment to insure made before that date. The aggregate principal amount of mortgages and loans insured pursuant to this section in any fiscal year beginning on or after July 1, 1974, and ending prior to July 1, 1977, shall not exceed 20 per centum of the aggregate principal amount of all mortgages and loans insured under this title during such fiscal year. The percentage limitation specified in the preceding sentence shall also be applicable within the following categories—

"(1) mortgages and loans covering one- to four-family dwellings; and

"(2) mortgages and loans covering projects with five or more dwelling units.

"(e) The Secretary shall not withdraw, deny, or delay insurance otherwise authorized under any other provisions of this Act by reason of the availability of insurance pursuant to this section.

"(f) The Secretary shall submit to the Congress a report, not later than March 1, 1975, and annually thereafter, describing operations under this section, including the extent of mortgagee participation and any special problems encountered, and setting forth any recommendations he may deem appropriate with respect to the continuation or modification of the authority contained in this section. If the Secretary shall fail to submit any such report by the date due, his authority under this section shall terminate."

FEDERAL NATIONAL MORTGAGE ASSOCIATION AMENDMENTS

SEC. 310. (a) Section 302(a)(2) of the National Housing Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the matter preceding subparagraph (A) and inserting in lieu thereof "September 1, 1968"; and

(2) by striking out "effective" in subparagraphs (A) and (B).

(b) The third sentence of section 302(a)(2)(B) of such Act is amended—

(1) by inserting "or the metropolitan area thereof" immediately after "District of Columbia";

(2) by inserting "jurisdiction and" immediately before "venue"; and

(3) by striking out "resident thereof" and inserting in lieu thereof "District of Columbia corporation".

(c) Section 302(b)(2) of such Act is amended by striking out "75 per centum" each place it appears and inserting in lieu thereof "80 per centum".

(d) Clause (C) of the second sentence of section 302(b)(2) of such Act is amended by striking out "private".

(e) The last sentence of section 302(b)(2) of such Act is amended by striking out "which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203 (b) or 207 of the National Housing Act" and inserting in lieu thereof the following: ", but such limitations shall not exceed the limitations contained in the first proviso of the first sentence of section 5(c) of the Home Owners' Loan Act of 1933".

SEC. 311. (a) Section 303(a) of the National Housing Act is amended—

(1) by striking out all of the first sentence which follows "directors" and inserting in lieu thereof a period; and

(2) by striking out everything after the second sentence.

(b) Section 303(c) of such Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the fourth sentence and inserting in lieu thereof "September 1, 1968"; and

(2) by striking out the proviso in the last sentence.

(c) Subsections (d) and (e) of section 303 of such Act are repealed.

SEC. 312. The last sentence of section 304(a)(1) of the National Housing Act is amended by striking out "section 502 of the Emergency Home Finance Act of 1970" and inserting in lieu thereof "section 243 of the National Housing Act".

SEC. 313. Except with respect to any person receiving an annuity on the date of the enactment of this Act, section 309(d)(2) of the National Housing Act is amended—

(1) by striking out "the termination of the transitional period referred to in section 810(b) of the Housing and Urban Development Act of 1968" and inserting in lieu thereof "January 31, 1972,";

(2) by inserting "positions listed" immediately before "in section 5312"; and

(3) by inserting before the period at the end of the next to last sentence the following: ": *Provided*, That with respect to any person whose employment is made subject to the civil service retirement law by section 312 of the Housing and Urban Development Act of 1974, there shall not be considered for the purposes of such law that portion of his basic pay in any one year which exceeds the basic pay provided for positions listed in section 5316 of such title 5 on the last day of such year".

SEC. 314. Subsections (b) and (c) of section 810 of the Housing and Urban Development Act of 1968 are repealed.

FEDERAL HOME LOAN MORTGAGE CORPORATION AMENDMENTS

SEC. 315. (a) Section 305(a)(1) of the Federal Home Loan Mortgage Corporation Act is amended—

(1) by striking out ", and to hold" and inserting in lieu thereof the following: ". The Corporation may hold"; and

(2) by striking out the period after "therein" and inserting in lieu thereof the following: ", and the servicing on any such mortgage may be performed by the seller or by a financial institution qualified as a seller under provisions of the preceding sentence or by a mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, with which institution or mortgagee the seller may contract."

(b) Section 305(a)(2) of such Act is amended—

(1) by striking out "75 per centum" each place it appears in the first sentence and inserting in lieu thereof "80 per centum";

(2) by striking out "private" in clause (C) of the first sentence; and

(3) by striking out "which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act" and inserting in lieu thereof the following: ", but such limitations shall not exceed the limitations contained in the first proviso to the first sentence of section 5(c) of the Home Owners' Loan Act of 1933".

PROHIBITION AGAINST DISCRIMINATION IN EXTENSION OF MORTGAGE ASSISTANCE

SEC. 316. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"PROHIBITION AGAINST DISCRIMINATION ON ACCOUNT OF SEX IN EXTENSION OF MORTGAGE ASSISTANCE

"SEC. 525. No federally related mortgage loan, or Federal insurance, guaranty or other assistance in connection therewith (under this or any other Act), shall be denied to any person on account of sex; and every person engaged in making mortgage loans secured by residential real property shall consider without prejudice the combined incomes of both husband and wife for the purpose of extending mortgage credit in the form of a federally related mortgage loan to a married couple or either member thereof.

"(b) For purposes of subsection (a), the term 'federally related mortgage loan' means any loan which—

"(1) is secured by residential real property designed principally for the occupancy of from one to four families; and

"(2)(A) is made in whole or in part by

any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

"(B) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary of Housing and Urban Development or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary of Housing and Urban Development or a housing or related program administered by any other such officer or agency; or

"(C) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

"(D) is made in whole or in part by any 'creditor', as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year."

MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

SEC. 317. Section 1106 of the National Housing Act is amended as follows:

(1) Paragraph (1) is amended by inserting "or osteopathy" after "practice medicine", and by inserting after "State" where it last appears the following: ", or, in the case of podiatric care or treatment, is under the professional supervision of persons licensed to practice podiatry in the State".

(2) Paragraph (2) is amended by inserting ", osteopathy," after "practice medicine", and by inserting after "dentistry in the State," the following: "or of persons licensed to practice podiatry in the State,".

(3) Paragraph (3)(A) is amended by inserting "osteopathic care," after "comprehensive medical care,", by striking out "or" after "optometric care,", and by inserting after "dental care," the following: "or podiatric care,".

(4) Paragraph (3)(B) is amended by inserting "osteopathic,", after "medical,", by striking out "or" after "optometric,", and by inserting after "dental" the following: "or podiatric".

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. STEPHENS

Mr. STEPHENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEPHENS: On page 69, line 24, strike all through line 10 on page 71 and insert in lieu thereof the following:

"SEC. 305. (a) The first sentence of section 203(b)(2) of the National Housing Act is amended by—

"(1) striking out '97 per centum (but,' in clause (i) and inserting in lieu thereof '97 per centum (or 100 per centum if the mortgagor shall have paid on account of the property in cash or its equivalent an amount at least equal to the closing costs less prepaid expenses, but,';

"(2) striking out '90 per centum' in clause (ii) and inserting in lieu thereof '97 per centum';

"(3) striking out 'and' at the end of clause (ii) and inserting in lieu thereof a comma;

"(4) striking out '80 per centum' in clause (iii) and inserting in lieu thereof '90 per centum';

"(5) inserting a new clause (iv) before the period to read as follows: 'and (iv) 80 per centum of such value in excess of $35,000'.

"(b) The second sentence of section 203(b)(2) of such Act is amended—

"(1) by striking out '$15,000' in clause (i) and inserting in lieu thereof '$25,000';

"(2) by striking out '$15,000' and '$25,000' in clause (ii) and inserting in lieu thereof '$25,000' and '$35,000', respectively; and

"(3) by striking out '$25,000' in clause (iii) and inserting in lieu thereof '$35,000'.

"(c) Section 220(d)(3)(A)(i) of such Act is amended by—

"(1) striking out '97 per centum (but,' in clause (1) and inserting in lieu thereof '97 per centum (or 100 per centum if the mortgagor shall have paid on account of the property in cash or its equivalent an amount at least equal to the closing costs less prepaid expenses, but,';

"(2) striking out '90 per centum' in clause (2) and inserting in lieu thereof '97 per centum';

"(3) striking out '80 per centum' in clause (3) and inserting in lieu thereof '90 per centum';

"(4) inserting a new clause (4) before the period to read as follows:

"'(4) 80 per centum of such value in excess of $35,000'.

"(d) Section 222(b)(3) of such Act is amended to read as follows:

"'(3) have a principal obligation not in excess of the sum of (i) 97 per centum (or 100 per centum if the mortgagor shall have paid on account of the property in cash or its equivalent an amount equal to at least the closing costs less prepaid expenses) of $15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 97 per centum of such value in excess of $15,000 but not in excess of $25,000, (iii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000, (iv) 80 per centum of such value in excess of $35,000; and'

"(e) That part of clause (A) of the third sentence of Section 234(c) of such Act which begins 'not to exceed' is amended to read as follows:

'and not to exceed the sum of (i) 97 per centum (or 100 per centum if the mortgagor shall have paid on account of the property in cash or its equivalent an amount at least equal to the closing costs less prepaid expenses) of $15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 97 per centum of such value in excess of $15,000 but not in excess of $25,000, (iii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000 and, (iv) 80 per centum of such value in excess of $35,000.'"

Mr. STEPHENS (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

(Mr. STEPHENS asked and was given permission to revise and extend his remarks.)

Mr. STEPHENS. Mr. Chairman and members of the committee, my amendment to title III would rewrite section 305 of the bill dealing with down payments under the FHA single-family programs.

As we all know, the terrible inflation which has hit the country in the past couple of years has made it increasingly difficult for the average wage-earning American to buy a home. Fortunately, this bill has several provisions to help this situation.

One of the provisions is the one in section 305 which would adjust the FHA downpayments to make them more compatible with experience and higher costs. I strongly supported these adjustments as long overdue.

However, I believe strongly that one further adjustment is needed. This my amendment would accomplish by permitting no downpayment on the first $15,000 of value; between $15,000 and $25,000, a 3-percent down payment would be required instead of on the first $25,000 as now required in the bill. As the bill now requires, there would be required a 10-percent downpayment on the value between $25,000 and $35,000, and 20 percent on the amount above $35,000.

If this no downpayment is permitted by FHA on the first $15,000 of value, the amendment requires that the purchaser have paid on account of the property an amount at least equal to closing costs less prepaid expenses such as escrows.

This assures that the purchaser has paid out of his own pocket enough money to have a reasonable stake in the property. It is not a complete no downpayment, but it is a very reduced downpayment on the first $15,000. Additionally, in a vast majority of cases the house will cost more than $20,000 and has a required downpayment on all of the value of the house over $15,000.

Mr. Chairman, my amendment would help those families who have been the traditional home purchasers, the middle income, at a time when inflation has so seriously eroded these families' ability to buy homes. It will also be helpful in spurring lagging sales in both new and existing homes.

Mr. Chairman, I urge its endorsement and its passage.

Let me point this out. The VA has been doing this for a number of years, and its experience has shown that it has worked.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I thank the gentleman for yielding.

Has the gentleman taken this up with HUD?

Mr. STEPHENS. Yes; I have taken it up with HUD, and I have been assured that with that basic payment requirement, in the first part of the amendment that there will be some money paid down, that it will be all right.

Mr. BARRETT. Some money paid down?

Mr. STEPHENS. That would be paid down, yes.

The amendment reads—

Striking out "97 per centum" and inserting in lieu thereof "97 per centum (or 100 per centum if the mortgagor shall have paid on account of the principal in cash or its equivalent an amount at least equal to the closing costs less prepaid expenses) . . ."

That could amount to as much as $1,000 or $2,000, and the purchaser has some money involved and invested in it.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Ohio.

Mr. ASHLEY. I thank the gentleman for yielding.

The gentleman knows, as he has been one of the hardest working members on the subcommittee, that what we have done in the bill already is to reduce the downpayment requirement on the mortgage of $35,000, from about $3,500 to $1,750. That is what we have done in the bill already.

Mr. STEPHENS. I agree. We have done a lot already. I want to do just a little bit more.

Mr. ASHLEY. If the gentleman will yield further, we have got to bear in mind that every time we lower the limit, that is, the down payment requirement, what we are doing is increasing the exposure of the Federal Government in its insurance program. Is that not so?

Mr. STEPHENS. Yes, that is probably true.

Mr. ASHLEY. So that what the gentleman is saying is that on a home of, let us say, $25,000 or $30,000, whichever one wants to take, the first $15,000 there is no down payment on at all; is that not correct?

Mr. STEPHENS. That is correct.

Mr. ASHLEY. Then the gentleman reduces the amount between $15,000 and $25,000, as I understand it?

Mr. STEPHENS. That is right.

Mr. ASHLEY. By how much?

Mr. STEPHENS. Three percent between $15,000 and $25,000; 10 percent between $25,000 and $35,000; 20 percent above $35,000.

Mr. ASHLEY. I wonder if the gentleman could give us some comparative figures on what the application of his amendment would be? We must have some idea of what the down payment requirements are today?

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ASHLEY, and by unanimous consent, Mr. STEPHENS was allowed to proceed for 2 additional minutes.)

Mr. ASHLEY. If the gentleman will yield further, I am serious about this. I do not like to object to an amendment, particularly when offered by my good friend, the gentleman from Georgia. But the fact of the matter is that there was ample opportunity for the homebuilders to come in and testify before our subcommittee and our full committee. They did so. This is an 11th-hour attempt on the part of the homebuilders to get something that they were not able to get in the subcommittee and the full committee. Would not the gentleman agree with that?

Mr. STEPHENS. If the gentleman says so, they must have done that, but they did not talk to me about it during the time that we were discussing it.

Mr. ASHLEY. If the gentleman will yield further, when this amendment comes to us at this particular time, and we have gone in the direction we have, which is liberalizing of the downpayment requirements to facilitate homeownership by the average American citizen participating in the private mortgage, this would go the additional step.

This would go the additional step and, as I say, I have no idea where this came from. It certainly did not come from the administration.

Mr. STEPHENS. It is not objected to by them.

Mr. ASHLEY. That still does not answer the question as to where the amendment came from and why it came at the time it did and why none of us where provided any information as to what the amendment will actually result in. We do not have any of that information.

Mr. STEPHENS. I can tell you where I hope it ends up. I hope it ends up by making it easier for people to buy homes. We have had all the programs we have sponsored just cut off and people are seeking ways to have a home. I am trying to get back into that field where we got cut.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, let me be sure I understand this amendment. On a 203 program this will mean a zero downpayment?

Mr. STEPHENS. On the principal.

Mr. ROUSSELOT. That is all we pay off on a mortgage, basically pay off the principal. But let me take the gentleman's word. On the principal. So what the gentleman would do is make it really easy for somebody to get into a house and put up nothing but the settlement costs. I am terribly disappointed in my good friend, the gentleman from Georgia, for offering this zero downpayment amendment.

Mr. STEPHENS. I am trying to make it easier for the people on low incomes.

Mr. BROWN of Michigan. Mr. Chairman, I rise in opposition to the amendment.

The gentleman from Ohio has pointed out the salient points in, and objections to the amendment and I hope the amendment will be defeated.

The subcommittee and the full committee both have had ample opportunity to discuss these changes. Neither committee felt, even though there was a whole spectrum of political thought on those committees, that this much change should be made. We did modify the down payment requirement, cut it in half, reducing it substantially. I think it would be very irresponsible and unwise for us to adopt this amendment.

I would point out one of the big problems today in obtaining homes is to find the mortgage money, and to the extent we have a greater portion of the loan balance to be financed, the more interest we are going to have to pay. This is hardly making it simpler for people to buy and pay for and maintain homes. It seems to me the 3-percent down payment requirement we have is certainly low enough for anyone who has a potential for home ownership and home buying and home maintaining.

Mr. Chairman, I urge a "No" vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. STEPHENS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. STEPHENS. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. Are there additional amendments to title III?

AMENDMENT OFFERED BY MR. SIKES

Mr. SIKES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIKES. On page 85 after line 24, add a new section 318; entitled "Mortgage Insurance for Military Impact Areas":

SEC. 318. Title II of the National Housing Act, as amended, is further amended by adding the following new subsection to section 238:

"(c) The Special Risk Insurance Fund may be used by the Secretary for carrying out the mortgage insurance obligations of sections 203 and 207 to provide housing for military personnel, Federal civilian employees, and Federal contractor employees assigned to duty or employed at or in connection with any installation of the Armed Forces of the United States in federally-impacted areas where in the judgment of the Secretary (1) the residual housing requirements for persons not associated with such installations are insufficient to sustain the housing market in the event of substantial curtailment of employment of personnel assigned to such installations, and (2) the benefits to be derived from such use outweigh the risk of possible cost to the Government."

Mr. SIKES. Mr. Chairman, it will be recalled that, through the cooperation and help of this committee, language was adopted a few years ago to insure a set-aside of some of the section 236 housing for lower grade enlisted personnel and their families. They were not at that time eligible for onbase family housing. Many of them were having a very difficult time meeting the costs of living and paying high rent for offbase quarters. The section 236 program was a great boon to them until new starts were dropped by the administration.

I propose today to establish a new eligibility which will make it possible to provide housing under the special risk insurance fund near military installations in federally impacted areas. These areas at present are, in general, precluded from receiving mortgage insurance assistance from HUD under sections 203 and 207 of the act. The housing would be available for military families, for families of civilians working on base, for the families of contract personnel, and even for others who live in the gen-

eral area. The point is it would provide a measure of relief wherever housing is needed, and where it is justified.

The language which I propose was suggested by the Department of Defense. It was developed in their search for additional ways to properly meet the need for housing for military families. It has been improved through conferences with this committee. We have assurances from the Department of Defense that there would be no requests for housing under this authority in those areas where it can be foreseen that there will be reductions in scope of the defense mission or substantial reductions in personnel.

The military now estimates there would be a requirement for 10,000 to 15,000 housing units under this program. There is an immediate demand for the housing to be provided. One of the best examples is that of Bangor, in the State of Washington, where the Trident program presents an immediate requirement for about 1,500 units for military housing and possibly 3,000 to 5,000 units for civilian and contractor personnel who would be employed in the Trident program. This housing cannot now be built in the vicinity of the Trident site under Federal programs. Other well-known examples of similar need are Fort Polk, La., and Fort Hood, Tex.

The significant point is that the cost of this program to the Government would be minimal. FHA would provide mortgage insurance to the builders; the housing units would be sold or rented to the occupants, presumably the program would be self-supporting. Present experience is that such programs sustain a loss to the Government of about 1 percent. It would be infinitely less costly than the construction of 10,000 to 15,000 units on military bases at a cost to the Government of roughly $30,000 per unit.

In other words, the proposed language could make it possible to avoid costly additional sizable housing construction programs on military reservations. We would also be achieving a better mix of military families in the local communities, which is desirable from many standpoints. It means we would be building more housing in areas where there would be an opportunity for use of the housing by other than military families.

My amendment simply says that needed housing can be built near military installations where it has previously been precluded. It can serve a very useful purpose all along the line.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the distinguished gentleman from Pennsylvania who has given such able service in the preparation of the bill before us.

Mr. BARRETT. Mr. Chairman, I observe that there is no additional money involved at all in this amendment.

Mr. SIKES. That is correct.

Mr. BARRETT. It is just an addition to the special risk insurance fund which would, in effect, allow the Secretary to carry out the mortgage insurance obligation according to sections 203 and 207.

Mr. SIKES. At no additional cost to the Government. As a matter of fact, it may avoid the building of 10,000 to 15,000 housing units on bases at a cost of $30,000 each, which the Government would have to pay for.

Mr. BARRETT. This also, as I understand it, would give housing to those who work at military bases and also give housing to the military enlistees?

Mr. SIKES. Or others in the area who need housing. They also are eligible. But it is primarily for military personnel, civilians, and contractor personnel.

Mr. Chairman, I trust that the amendment will receive the approval of the committee. I believe the need for its adoption is clearly evidenced. It supports the defense program of our Nation and it will be of great help to many deserving families.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to my good friend, the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I would like to commend the gentleman from Florida for suggesting this amendment. I think it meets a need that it is obvious cannot be met elsewhere by other means, and the cost is nothing to the Government.

I think it is only fair that we afford military personnel and those who work on military contracts the same opportunities which others have. I rise in support of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. SIKES).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HANNA

Mr. HANNA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANNA: Page 73, line 9, strike "$33,000" and insert in lieu thereof "$38,000."

Mr. HANNA. Mr. Chairman and Members of the House, the purpose of this amendment is to provide for an increase in the limits for VA as well as FHA mortgages to $38,000 for three-bedroom and smaller units and $40,500 for four-bedroom and larger units.

This is simply to cover those higher-cost areas such as Alaska, Hawaii, southern California, and certain fast-building areas in Florida, Texas, and other places.

About one-third of the homes that will be built for the average American are going to need to have some expansion, and this is in keeping with the rising cost of labor and materials, of land and financing.

Mr. Chairman, I have talked this over on both sides of the aisle, and I believe this is acceptable.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. HANNA. Yes, I yield to the gentleman from Ohio.

Mr. ASHLEY. Do I understand that the $33,000 would remain the usable limitation, but that the $38,000 and $40,000 are specifically for the purpose of covering high-cost areas?

Mr. HANNA. It is my understanding that this amendment will help cover such costs.

Mr. ASHLEY. I do not happen to remember the formula, but the gentleman gives his assurance that it is limited to the high-cost areas. I therefore think that I would support the gentleman's amendment.

Mr. HANNA. Mr. Chairman, I thank the gentleman. That is our opinion.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding. I, too, support the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. HANNA).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. RONCALIO OF WYOMING

Mr. RONCALIO of Wyoming. Mr. Chairman, I offer an amendment:

The Clerk read as follows:

Amendment offered by Mr. RONCALIO of Wyoming: Page 82, after line 2, strike out all of lines 3 through 11, and renumber subsequent sections accordingly.

Mr. RONCALIO of Wyoming. Mr. Chairman, this amendment would forbid mortgage bankers from doing business with and servicing loans sold to the Federal Home Loan Mortgage Corporation—FHLMC—which was established under well-founded regulations by Congress many years ago, whose capital has been solely provided for by savings and loan associations, and any change such as this contemplated by the language which I strike could have an eroding effect upon the original intent of Congress by forcing the Federal Home Loan Mortgage Corporation to participate with others than insured banks and savings associations, which are all federally supervised lenders.

If mortgage bankers were to be authorized to do business with the mortgage corporations, then it would be appropriate that they be audited and examined by the mortgage corporations as well as subjected to the rules and regulations that are appropriate to supervised lenders.

It has also been proved by the experience of many years in the secondary mortgage market that the seller and the servicer of these mortgages should be one and the same party. If the seller must service a loan sold, this responsibility in itself upgrades the quality of home loans being made.

Mr. Chairman, I believe that the language, if allowed to remain in the bill, does erode well-founded home mortgage systems as now engaged in by the savings and loan associations of this Nation. I think the language should be stricken.

I yield to the minority floor manager.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. RONCALIO of Wyoming. I am

happy to yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding. As the gentleman knows, this amendment was adopted by the full committee. I hasten to add that I was the only one, at least one of the very few, who supported the gentleman's position.

This is partially because this is an issue and it was not fully discussed and decided and deliberated upon in the subcommittee. I think that before we take this step we should have a better determination regarding the concern that has been expressed by the Federal Home Loan Bank Board and others as to the impact on the servicing of these mortgages by these mortgage bankers so that the S. and L.'s might become basically passive agents in this mortgage business. We did not have the kind of good colloquy and discussion on it which we should have had.

Mr. Chairman, I, therefore, intend to support the gentleman's amendment.

Mr. RONCALIO of Wyoming. Mr. Chairman, I appreciate the gentleman's support.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. RONCALIO of Wyoming. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I have difficulty in understanding why it is that a mortgage banking institution should be prohibited from servicing a mortgage that has been sold to a Federal instrumentality, the Federal Home Loan Mortgage Corporation. Why should a mortgage banker be prohibited from servicing that mortgage, particularly in view of the fact that perhaps the savings and loan in question, rather than servicing the mortgage itself, would prefer to have the mortgage company service the instrument?

Mr. RONCALIO of Wyoming. Mr. Chairman, my position in response to that is that the evidence that we had in hearings which I have been exposed to does not justify the mortgage banker being permitted in this situation, and if there is sufficient regulation, and the savings and loans of the various areas have been adequately chartered and sufficient healthy competition exists among them, then the traditional purposes of home financing can be carried out.

It would open the door to those who are not subjected to the same regulations and requirements in the public interest which the S. & L.'s have.

This is the reason I think my amendment should be adopted and this is why I think my colleagues should vote for the amendment which I have offered. In closing, Mr. Chairman, I would like to ask my colleagues, in voting on this proposition, not to vote against these well-established, sensitive arrangements between the savings and loans and the lending corporations. I urge the adoption of the amendment.

Mr. ASHLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I will be very brief, Mr. Chairman. Under the bill we do not mandate that mortgage bankers shall be given a certain number of mortgages to service. All we say is that they should not be precluded from servicing mortgages.

It occurs to us, it seems to me, that it may be cheaper, it may be less expensive for the purchaser and for everybody concerned to have a mortgage financed, not by a savings and loan in a given situation, but by a mortgage banking concern.

Why, for heaven's sake, should we prohibit that in the law? There is only one reason, and that is because the savings and loans have taken a position against it. They somehow feel it is contrary to their interests.

There are many small communities with which I am familiar where it would be preferable to have the servicing done, where the loan is sold to the Federal Home Loan Bank, through a mortgage banking concern.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, I think the gentleman's position is a perfectly valid one. It is true that the committee agreed to this by an overwhelming vote.

I personally suspect that some of my savings and loan people may not be particularly happy about my taking the floor and taking this position. However, I am convinced that it is in the best interests of the housing industry at a time when the housing industry needs all the help it can get.

Mr. ASHLEY. Mr. Chairman, I appreciate the gentleman's remarks.

Mr. HANNA. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. HANNA. Mr. Chairman, I would point out to the gentleman and to every Member of the House that the real crux of this issue is this: The operation of FHLBMC is strictly for the savings and loans, and the FNMA are fairly open.

The real problem is, since the mortgage bankers turn their loans over real fast, since they are in to get the deal and then get out, they generate more business, and, therefore, they would be tied to much more of the servicing.

Now, the FHLBMC does not want to see all of that servicing doubled up and its operations gobbled up by the mortgage bankers. So I think what needs to be done is to make it clear that even though FHLBMC may be forced to give some of this servicing to the mortgage bankers, it should not give them so much that there is not the servicing and the arrangement within the FHLBMC as we thought that does the job intended for the savings and loan when we created FHLBMC.

That is really the crunch. It is the question as to what is FHLBMC to do. Service the savings and loans or service the mortgage bankers? We should not shut the door for the mortgage bankers, but neither should we allow them to take so much of the work that they are not able to service the savings and loans.

Mr. ASHLEY. What the gentleman says is implicit in the legislation as it now is, and that is what is contained in the bill. So I appreciate the gentleman's opposition to the amendment.

I yield to my friend, Mr. STARK.

Mr. STARK. Mr. Chairman, I would point out in regard to this amendment that the mortgage bankers, if they were allowed to service the industry, as the bill now stands, would have to meet the rigid requirements set by FHLBMC and be examined by FHLBMC just as they are now examined by FNMA before they are allowed to service them. It is a matter of free and open competition which can only help to bring more money into the housing market, and this is what free enterprise is. It does not include somebody creating a monopoly, which is what this amendment will do.

I urge my colleagues to vote against the amendment.

Mr. ASHLEY. I yield to the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I rise in opposition to the amendment.

As far as possible I think we should let the market and competition guide us as to how housing mortgages are serviced. It would be a violation of that policy to prohibit one segment of the industry from participating. It could cause much less mortgage availability to homeowners.

Therefore I oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wyoming (Mr. RONCALIO).

The amendment was rejected.

The CHAIRMAN. Are there any further amendments to title III? If not, the Clerk will read.

The Clerk read as follows:

TITLE IV—RURAL HOUSING

REFINANCING OF INDEBTEDNESS FOR CERTAIN ELIGIBLE APPLICANTS

SEC. 401. Section 501(a)(4) of the Housing Act of 1949 is amended—

(1) by adding after the comma at the end of clause (B) the following: "or, if combined with a loan for improvement, rehabilitation, or repairs and not refinanced, is likely to cause a hardship for the applicant."

(2) by striking out subparagraph (C) and (D) and inserting in lieu thereof the following:

"(C) was incurred by the applicant at least five years prior to his applying for assistance under this title.".

LOANS TO LEASEHOLD OWNERS UNDER ALL RURAL HOUSING PROGRAMS

SEC. 402. Section 501(b)(2) of the Housing Act of 1949 is amended by striking out "sections 502 and 504" and inserting in lieu thereof "this title".

REHABILITATION LOANS AND GRANTS

SEC. 403. Section 504(a) of the Housing Act of 1949 is amended to read as follows:

"(a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502

and 503 and that repairs or improvements should be made to a rural dwelling occupied by him, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe the Secretary may make a grant or a combined loan and grant to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making similar repairs, additions, or improvements, including all preliminary and installation costs in obtaining central water and sewer service. No assistance shall be extended to any one individual under this subsection in the form of a loan, grant, or combined loan and grant in excess of $5,000. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable within twenty years in accordance with the principles and conditions set forth in this title, except that a loan for less than $2,500 need be evidenced only by a promissory note. Sums made available by grant may be made subject to the conditions set forth in this title for the protection of the Government with respect to contributions made on loans made by the Secretary.".

VETERANS PREFERENCE

SEC. 404. Section 507 of the Housing Act of 1949 is amended—

(1) by inserting after "concurrent resolution of Congress" each place it appears the following: "or during the period beginning after January 31, 1955, and ending on August 4, 1964, or during the Vietnam era (as defined in section 101(29) of title 38, United States Code),"; and

(2) by inserting "or era" before the period at the end of the third sentence.

ASSISTANCE AUTHORIZATION

SEC. 405. (a) Clauses (b), (c), and (d) of section 513 of the Housing Act of 1949 are amended to read as follows: "(b) not to exceed $75,000,000 for loans and grants pursuant to section 504 during the period beginning July 1, 1956, and ending June 30, 1977; (c) not to exceed $75,000,000 for financial assistance pursuant to section 516 for the period ending June 30, 1977; (d) not to exceed $1,000,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961 and ending June 30, 1977;".

(b) Sections 515(b)(5) and 517(a)(1) of such Act are amended by striking out "October 1, 1974" each place it appears and inserting in lieu thereof "June 30, 1977".

DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS

SEC. 406. (a) Section 515 of the Housing Act of 1949 is amended as follows:

(1) subsection (a) is amended by inserting "public or" before the word "private" and by inserting ", and to States or political subdivisions thereof," after the word "cooperatives"; and

(2) subsection (b) is amended by (A) inserting immediately before "corporation" the words "public or private", (B) striking out "or" immediately before "partnership", (C) adding immediately after "partnership" the phrase ", any State or political subdivision thereof", and (D) adding the words "low or" immediately before "moderate".

(b) Section 515(b)(1) of such Act is amended by striking "$750,000 or" where it appears, and striking the word "least" and substituting therefor the word "less".

(c) Section 515(d)(4) of such Act is amended to read as follows:

"(4) the term 'development cost' means the costs of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges, including initial operating expenses up to 2 per centum of the aforementioned costs, approved by the Secretary. Such fees and charges may include payments of qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities for low or moderate income families".

DEFINITION OF RURAL AREA

SEC. 407. Section 520 of the Housing Act of 1949 is amended by inserting immediately before the period at the end thereof the following: ", or (3) has a population in excess of 10,000 but not in excess of 15,000 and has a serious lack of mortgage credit, as determined by the Secretary and the Secretary of Housing and Urban Development".

MUTUAL AND SELF-HELP HOUSING

SEC. 408. (a) Section 523(b)(1) of the Housing Act of 1949 is amended by inserting immediately before ", and" at the end thereof the following: ", *Provided*, That the Secretary may advance funds under this paragraph to organizations receiving assistance under clause (A) to enable them to establish revolving accounts for the purchase of lands options and any such advances may bear interest at a rate determined by the Secretary and shall be repaid to the Secretary at the expiration of the period for which the grant to the organization involved was made".

(b) Section 523(f) of such Act is amended—

(1) by striking out "1974" each place it appears and inserting in lieu thereof "1977"; and

(2) by striking out "$5,000,000" and inserting in lieu thereof "$10,000,000".

(c) Section 523 of such Act is amended by adding immediately after subsection (g) thereof the following new subsection (h):

"(h) The Secretary shall cause to be issued rules and regulations for the orderly processing and review of applications under this section and rules and regulations protecting the rights of grantees under this section in the event he determines to end grant assistance prior to the termination date of any grant agreement.".

DIRECT AND INSURED LOANS TO PROVIDE CONDOMINIUM HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES IN RURAL AREAS

SEC. 409. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"DIRECT AND INSURING LOANS TO PROVIDE CONDOMINIUM HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES IN RURAL AREAS

"SEC. 525. (a) The Secretary is authorized, in his discretion and upon such terms and conditions (substantially indentical insofar as may be feasible with those specified in section 502) as he may prescribe, to make loans to persons and families of low or moderate income, and to insure and make commitments to insure loans made to persons and families of low or moderate income, to assist them in purchasing dwelling units in condominiums located in rural areas.

"(b) Any loan made or insured under subsection (a) shall cover a one-family dwelling unit in a condominium, and shall be subject to such provisions as the Secretary determines to be necessary for the maintenance of the common areas and facilities of the condominium project and to such additional requirements as the Secretary deems appropriate for the protection of the consumer.

"(c) In addition to individual loans made or insured under subsection (a) the Secretary is authorized, in his discretion and upon such terms and conditions (substantially identical insofar as may be feasible with those specified in section 515) as he may prescribe, to make or insure blanket loans to a borrower who shall certify to the Secretary, as a condition of obtaining such loan or insurance under this subsection, that upon completion of the multifamily project the ownership of the project will be committed to a plan of family unit ownership under which (1) each family unit will be eligible for a loan or insurance under subsection (a), and (2) the individual dwelling units in the project will be sold only on a condominium basis and only to purchasers eligible for a loan or insurance under subsection (a). The principal obligation of any blanket loan made or insured under this subsection shall in no case exceed the sum of the individual amounts of the loans which could be made or insured with respect to the individual dwelling units in the project under subsection (a).

"(d) As used in this section, the term 'condominium' means a multiunit housing project which is subject to a plan of family unit ownership acceptable to the Secretary under which each dwelling unit is individually owned and each such owner holds an undivided interest in the common areas and facilities which serve the project.".

(b) Section 517 of such Act is amended by striking out "and 524" and inserting in lieu thereof "524, and 525".

(c)(1) Section 521(a) of such Act is amended—

(A) by striking out "and loans under section 515" and inserting in lieu thereof "loans under section 515";

(B) by inserting after "elderly families," the following: "and loans under section 525 to provide condominium housing for persons and families of low or moderate income,".

(2) Section 521(b) of such Act is amended—

(A) by striking out "or 517(a)(1)" and inserting in lieu thereof ", 517(a)(1), or 525(a)"; and

(B) by inserting "or 525(c)" after "under section 515".

(3) Section 521(c) of such Act is amended by inserting immediately after "517(b)" the following: "and section 525".

CONTRACT SERVICES AND FEES

SEC. 410. (a) Section 506(a) of the Housing Act of 1949 is amended by striking out ", as may be required by the Secretary, by competent employees of the Secretary" and inserting in lieu thereof "as required by the Secretary".

(b) Section 517(j)(3) of such Act is amended by inserting after "borrowers," the following: "and other services customary in the industry, construction inspections, commercial appraisals, servicing of loans, and other related program services and expenses,".

TRANSFER OF PRE-1965 INSURED HOUSING LOANS TO THE RURAL HOUSING INSURANCE FUND

SEC. 411. Section 517(b) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentences: "The notes held in the Agricultural Credit Insurance Fund (7 U.S.C. 1929) which evidence loans made or insured by the Secretary under section 514 or 515(b), the rights and liabilities of that Fund under insurance contracts relating to such loans held by insured investors, the mortgages securing the obligations of the borrowers under such loans held in that Fund or by insured investors,

and all rights to subsequent collections on and proceeds of such notes, contracts, and mortgages, are hereby transferred to the Rural Housing Insurance Fund and for the purposes of this title and any other Act shall be subject to the provisions of this section as if created pursuant thereto. The Rural Housing Insurance Fund shall compensate the Agricultural Credit Insurance Fund for the aggregate unpaid principal balance plus accrued interest of the notes so transferred.".

SITE LOANS

SEC. 412. The first sentence of section 524 (a) of the Housing Act of 1949 is amended to read as follows: "The Secretary may make loans, on such terms and conditions and in such amounts he deems necessary, to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any section of this title, the United States Housing Act of 1937, the National Housing Act, or any other law which provides financial assistance for housing low- and moderate-income families."

ESCROW ACCOUNTS FOR TAXES, INSURANCE, AND OTHER EXPENSES

SEC. 413. (a) Section 501 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(e) The Secretary may establish procedures whereby borrowers under this title may make periodic payments for the purposes of taxes, insurance, and such other necessary expenses as the Secretary may deem appropriate. Such payments shall be held in escrow by the Secretary and paid out by him at the appropriate time or times for the purposes for which such payments are made. The Secretary shall notify a borrower in writing when his loan payments are delinquent.".

(b) The second sentence of section 502(a) of such Act is amended by inserting before the period at the end thereof the following: "and on the borrower prepaying to the Secretary as escrow agent, on terms and conditions prescribed by him, such taxes, insurance, and other expenses as the Secretary may require in accordance with section 501(e)".

(c) Section 517 of such Act is amended—

(1) by striking out "as it becomes due" in the first sentence of subsection (d);

(2) by striking out "prepayment" and "prepayments" each place they appear in subsection (j)(1) and inserting in lieu thereof "payment" and "payments" respectively; and

(3) by inserting before the semicolon at the end of subsection (j)(1) the following: "or until the next agreed annual or semiannual remittance date".

ASSISTANCE TO NONPROFIT SPONSORS

SEC. 414. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 409 of this Act) the following new section:

"ASSISTANCE TO NONPROFIT SPONSORS OF LOW- AND MODERATE-INCOME RURAL HOUSING

"SEC. 526. The Secretary is authorized to provide, or contract with public or private nonprofit organizations to provide, information, advice, and technical assistance, except that a private nonprofit organization shall be required to be sponsored by a State, county, municipality, or other governmental entity or public body, such sponsorship to include assisting the applicant in the processing of the application, implementing the technical assistance program, and carrying out all obligations of the grant. The information, and technical assistance provided pursuant to this section may include but not be limited to—

"(1) the assembly, correlation, publication, and dissemination of information with respect to the construction, rehabilitation, and operation of low- and moderate-income housing;

"(2) the provision of advice and technical assistance to public bodies or to nonprofit or cooperative organizations with respect to the construction, rehabilitation, and operation of low- and moderate-income housing, including assistance with respect to self-help and mutual self-help programs; and

"(3) counseling on household management, self-help, budgeting, money management, child care, and related counseling services which would assist low- and moderate-income families receiving assistance under the United States Housing Act of 1937 or this Act in improving their living conditions and housing opportunities, and in meeting the responsibilities of home-ownership.

"(b) The Secretary is authorized to make loans to public or private nonprofit corporations, agencies, institutions, organizations, and other associations approved by him for the necessary expenses, prior to construction, of planning, and obtaining financing for, the rehabilitation or construction of housing for low-income individuals or families under any Federal, State, or local housing program which is or could be used in rural areas. Such loans shall be made without interest and shall be for the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including but not limited to preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site acquisition, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the housing or sooner, and may cancel any part or all of such a loan if he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

"(c) There are authorized to be appropriated for the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed $5,000,000 for purposes of subsection (a) and not to exceed $5,000,000 for the purposes of subsection (b). Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this subsection but not appropriated may be appropriated for any succeeding fiscal year.

"(d) All funds appropriate for the purpose of subsection (b) shall be deposited in a fund which shall be known as the low-income sponsor fund, and which shall be available without fiscal year limitation and be administered by the Secretary as a revolving fund for carrying out the purposes of that subsection. Sums reecived in repayment of loans made under subsection (b) shall be deposited in such fund."

RENTAL ASSISTANCE

SEC. 415. (a) Section 521(a) of the Housing Act of 1949 is amended by inserting "(1)" after "SEC. 521. (a)", and by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary may make and insure loans under this section and sections 514, 515, and 517 to provide rental or cooperative housing and related facilities for persons and families of low income in multifamily housing projects, and may make, and contract to make, assistance payments to the owners of such rental housing in order to make available to low-income occupants of such housing rentals at rates commensurate to income and not exceeding 25 per centum of income. Such supplemental assistance payments shall be made on a unit basis and shall not be made for more than 20 per centum of the units in any one project, except (i) when the project is financed by a loan under section 515 for elderly housing or by a loan under section 514 and a grant under section 516, such assistance may be made for up to 100 per centum of the units, and (ii) when the Secretary determines such action is necessary to the economic feasibility of the project he may make such payments with respect to more than 20 per centum of the units.

"(B) The owner of any project assisted under this paragraph shall be required to provide at least annually a budget of operating expenses and record of tenants' income which shall be used to determine the amount of assistance for each project.

"(C) The project owner shall accumulate, safeguard, and periodically pay to the Secretary any rental charges collected in excess of basic rental charges. These funds may be credited to the appropriation and used by the Secretary for making such assistance payments through the end of the next fiscal year."

(b) Section 521(c) of such Act is amended to read as follows:

"(c) There shall be reimbursed to the Rural Housing Insurance Fund by annual appropriations (1) the amounts by which nonprincipal payments made from the fund during each fiscal year to the holders of insured loans described in subsection (a)(1) exceed interest due from the borrowers during each year, and (2) the amount of assistance payments described in subsection (a)(2). The Secretary may from time to time issue notes to the Secretary of the Treasury under section 517(h) to obtain amounts equal to such unreimbursed payments, pending the annual reimburseemnt by appropriation."

(c) Section 517(j) of such Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) to make assistance payments authorized by section 521(a)(2)."

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that title IV may be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Are there any amendments to title IV?

AMENDMENT OFFERED BY MR. STEPHENS

Mr. STEPHENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEPHENS: Insert on page 86 after line 1 the following section:

INCLUSION OF U.S. TERRITORIES AND TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 401. Section 501(a)(1) of the Housing Act of 1949 is amended by striking the words "Puerto Rico and the Virigin Islands" and inserting in lieu thereof the following language: "The Commonwealth of Puerto Rico, the Virgin Islands, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands".

and renumber the subsequent sections.

Mr. STEPHENS. Mr. Chairman, this amendment was brought to my attention by the chairman of the subcommittee (Mr. BURTON).

The amendment would add Guam, American Samoa, and the Trust Territory of the Pacific Islands to the list of U.S. offshore areas eligible for benefits under rural housing legislation. It is not mandatory but just an authorization.

Mr. BARRETT. Will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman.

Mr. BARRETT. I do not see any opposition on this side of the aisle. If the other side does not have any opposition, we can move on.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. STEPHENS. I am happy to yield to the gentleman.

Mr. BROWN of Michigan. We are happy to support the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. STEPHENS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STEPHENS

Mr. STEPHENS. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. STEPHENS: On page 102, after line 11, insert the following new section:

CERTAIN AMOUNTS TO BE DISREGARDED IN DETERMINING ELIGIBILITY OF LOW AND MODERATE INCOME PERSONS FOR ASSISTANCE UNDER RURAL HOUSING PROGRAM

SEC. 416. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 414 of this Act) the following new section:

"CERTAIN AMOUNTS TO BE DISREGARDED IN DETERMINING ELIGIBILITY OF LOW AND MODERATE INCOME PERSONS FOR ASSISTANCE UNDER RURAL HOUSING PROGRAM

"SEC. 527. Notwithstanding any other provision of law, social security benefit increases occurring after June 1974 shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility of any individual or family for assistance pursuant to section 521 of this Act, or the amount of such assistance. For purposes of this section, the term 'social security benefit increases occurring after June 1974' has the meaning given it by section 525 of the National Housing Act."

Mr. STEPHENS (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. STEPHENS. Mr. Chairman, when the amendment offered by the gentleman from California (Mr. KETCHUM) was was voted on and agreed to by an overwhelming vote of 285 to 114, it made social security benefits adjustable for the rents in public housing. All I am asking is that we do the same for the rural public housing program as we did for the others, to make it equal.

As the Members will recall, I asked the gentleman from California (Mr. KETCHUM) at that time a question: I said that I was interested, as I was sure the gentleman from California knew, in rural housing, and did the gentleman's amendment cover rural public housing? He said it did not.

All I am asking here is to have the same thing done for rural housing that was done by the Ketchum amendment for urban public housing.

If we are going to do it for them, we should do it for the rural people, too.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I do not blame the gentleman from Georgia at all. I do not blame the gentleman one bit. This is exactly what we might expect when we start down the road of irresponsibility, as we did 45 minutes ago, and we are to be haunted by it, and it will track us as long as we go.

Who is going to be able to vote "no" on this? Forty-five minutes ago we said that anybody in public housing, any increases they get in social security is frozen, you cannot touch any part of it for an increase in rent. So now, how can we say that a person in rural housing should not get the same benefits?

I am going to watch very closely the vote on this amendment.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I might say to the gentleman from Georgia that it irks me a little bit that the gentleman from Georgia did not also bring in the railroad retirement benefits, because we should not discriminate against those who are basically retiring upon the railroad annuity program, federally aided and supervised, and so forth. If we took social security benefits into consideration then we ought to take care of railroad retirement benefits. There must be at least a dozen others.

Mr. STEPHENS. Is the gentleman offering those as amendments to my amendment?

Mr. BROWN of Michigan. As the gentleman from Ohio said, this shows the fallacy in the Ketchum amendment.

Mr. HANNA. Mr Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from California.

Mr. HANNA. Mr. Chairman, there are now, in addition to public housing, people who have social security benefits, above 500,000 there are 19 million people who received social security benefits. What are we going to do for the other 18.5 million?

Mr. STEPHENS. Mr. Chairman, all I say is that if we are going to do it for one, and we have already done it for one, then we should do it for the others.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. STEPHENS).

The amendment was agreed to.

Mr. BIAGGI. Mr. Chairman, I ask unanimous consent to proceed out of order, and that we return to title I of the bill for the purpose of amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ROBERTS. Objection, Mr. Chairman.

The CHAIRMAN. Objection is heard.

Are there additional amendments to title IV? If not, the Clerk will read.

The Clerk read as follows:

TITLE V—MISCELLANEOUS

PART A—STATE DEVELOPMENT AGENCIES

DECLARATION OF PURPOSE

SEC. 501. It is the purpose of this part to encourage the formation and effective operation of State development agencies which have broad and flexible authority to carry out or assist development activities designed to (1) provide housing and related facilities for persons and families of low and moderate income, (2) promote the sound growth and development of neighborhoods through the revitalization of slum and blighted areas, (3) increase and improve employment opportunities for the unemployed and underemployed through the development and redevelopment of industrial, manufacturing, and commercial facilities, or (4) implement the development aspects of State land use and preservation policies, including the advance acquisition of land where it is consistent with such policies.

ELIGIBLE DEVELOPMENT AGENCIES

SEC. 502. (a) A State development agency is eligible for assistance under this part only if the Secretary determines that it is fully empowered and has adequate authority to at least carry out or assist in carrying out the purposes specified in clause (1) of section 501.

(b) For the purposes of this part, a "State development agency" is any public body or agency, publicly sponsored corporation, or instrumentality of one or more States which is designated by the Governor (or Governors in the case of an interstate development agency) for purposes of this part.

(c) As used in this part, the term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

GUARANTEES OF OBLIGATIONS

SEC. 503. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to guarantee, and enter into commitments to guarantee, in whole or in part, the bonds, debentures, notes, and other obligations issued by State development agencies to finance, in whole or in part, development activities as determined by him to be in furtherance of the purpose of clause (2) of section 501, including the provision for such purpose of housing and related facilities for persons and families of low and moderate income. The Secretary is also authorized to make, and to contract to make, grants to any State development agency for payments in an amount equal to 30 per centum of the interest payable on obligations issued by such agency to finance development activities in furtherance of the purpose of this part. The Secretary may make such guarantees and enter into such commitments, and may make such grants or contract to make such grants, upon such terms and conditions as he may prescribe, except that

no obligation shall be guaranteed or otherwise assisted under this part unless the income from such obligation is subject to Federal taxation pursuant to section 508(b), and except that use of guarantees or other assistance provided for in this part shall not be made a condition to nor preclude receipt of any other Federal assistance.

(b) The full faith and credit of the United States is pledged to the payment of all guarantees made under this part with respect to principal, interest, and any redemption premiums. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations involved for such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligation.

(c) The Secretary is authorized to establish and collect such fees and charges for and in connection with guarantees made under this part as he considers reasonable.

(d) There are authorized to be appropriated such sums as may be necessary to make payments as provided for in contracts entered into by the Secretary under this section. The aggregate principal amount of the obligations which may be guaranteed or otherwise assisted under this part and outstanding at any one time shall not exceed $500,000,000.

LIMITATION OF GUARANTEES

SEC. 504. The Secretary shall take such steps as he considers reasonable to assure that bonds, debentures, notes, and other obligations which are guaranteed under section 503 will—

(1) be issued only to investors approved by, or meeting requirements prescribed by, the Secretary, or, if an offering to the public is contemplated, be underwritten upon terms and conditions approved by the Secretary;

(2) bear interest at a rate satisfactory to the Secretary;

(3) contain or be subject to repayment, maturity, and other provisions satisfactory to the Secretary; and

(4) contain or be subject to provisions with respect to the protection of the security interests of the United States, including any provisions deemed appropriate by the Secretary relating to subrogation, liens, and releases of liens, payment of taxes, cost certification procedures, escrow or trusteeship requirements, or other matters.

REVOLVING FUND

SEC. 505. (a) The Secretary is authorized to establish a revolving fund to provide for the timely payment of any liabilities incurred as a result of guarantees or grants under section 503 and for the payment of obligations issued to the Secretary of the Treasury under subsection (b) of this section. Such revolving fund shall be comprised of (1) receipts from fees and charges; (2) recoveries under security, subrogation, and other rights; (3) repayments, interest income, and any other receipts obtained in connection with guarantees made under section 503; (4) proceeds of the obligations issued to the Secretary of the Treasury pursuant to subsection (b) of this section; and (5) such sums, which are hereby authorized to be appropriated, as may be required for such purposes. Money in the revolving fund not currently needed for the purpose of this part shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

(b) The Secretary may issue obligations to the Secretary of the Treasury in an amount sufficient to enable the Secretary to carry out his functions with respect to the guarantees authorized by section 503. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations so issued, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include purchases of the obligations hereunder.

(c) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real and other property by the United States, the Secretary shall have power, for the protection of the interests of the fund authorized under this section, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal of any property, real or personal, acquired by him as a result of recoveries under security, subrogation, or other rights.

TECHNICAL ASSISTANCE

SEC. 506. The Secretary is authorized to provide, either directly or by contract or other arrangements, technical assistance to State development agencies to assist them in connection with planning and carrying out development activities in furtherance of the purpose of this part.

LABOR STANDARDS

SEC. 507. All laborers and mechanics employed by contractors or subcontractors in development activities assisted under this part shall be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5): *Provided*, That this section shall apply to the construction of residential property only if such residential property is designed for residential use for eight or more families. No assistance shall be extended under this part with respect to any development activities without first obtaining adequate assurance that these labor standards will be maintained upon the work involved in such activities. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267), and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

GENERAL PROVISIONS

SEC. 508. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this part, the Secretary, in addition to any authority otherwise vested to him, shall—

(1) have the power, notwithstanding any other provision of law, in connection with any guarantee under this part, whether before or after default, to provide by contract for the extinguishment upon default of any redemption, equitable, legal, or other right, title, or interest of a State development agency in any mortgage, deed, trust, or other instrument held by or on behalf of the Secretary for the protection of the security interests of the United States; and

(2) have the power to foreclose on any property or commence any action to protect or enforce any right conferred upon him by law, contract, or other agreement, and bid for and purchase at any foreclosure or other sale any property in connection with which he has provided a guarantee pursuant to this part. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property. Notwithstanding any other provision of law, the Secretary shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by him in connection with any security, subrogation, or other rights obtained by him in administering this part.

(b) With respect to any obligation issued by a State development agency for which the issuer has elected to receive the benefits of the assistance provided under this part, the interest paid on such obligation and received by the purchaser thereof (or his successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.

PART B—COMMUNITY PROGRAM AMENDMENTS

CHANGE IN NAME OF COMMUNITY DEVELOPMENT CORPORATION

SEC. 511. (a) Part B of title VII of the Housing and Urban Development Act of 1970 is amended by striking out "Community Development Corporation" wherever it appears and inserting in lieu thereof "New Community Development Corporation".

(b) The heading of section 729 of such Act is amended by inserting "NEW" before "COMMUNITY".

MEMBERSHIP OF BOARD OF DIRECTORS OF NEW COMMUNITY DEVELOPMENT CORPORATION

SEC. 512. Section 729(b) of the Housing and Urban Development Act of 1970 is amended—

(1) by striking out "five members" in the matter preceding paragraph (1) and inserting in lieu thereof "seven members"; and

(2) by striking out "three persons" in paragraph (3) and inserting in lieu thereof "five persons".

INCREASE IN INTEREST DIFFERENTIAL GRANTS TO STATE LAND DEVELOPMENT AGENCIES

SEC. 513. The last sentence of section 713(a) of the Housing and Urban Development Act of 1970 is amended by striking out "in amounts" and all that follows and inserting in lieu thereof "in amounts equal to 30 per centum of the interest paid on such obligations."

SUPPLEMENTARY GRANTS FOR PROJECTS ASSISTED BY NATIONAL FOUNDATION ON ARTS AND HUMANITIES

SEC. 514. Section 718(c) of the Housing and Urban Development Act of 1970 is amended by inserting before the period at the end thereof the following: ", or a project or portion of a project consisting of the purchase, renovation, or construction of facilities, the purchase of land, or the acquisition of equipment or works of art assisted by contracts or grants under section 5 of the National Foundation on the Arts and the Humanities Act of 1965".

INCLUSION OF WASTE DISPOSAL FACILITIES AND COMMUNITY OR NEIGHBORHOOD HEATING OR AIR-CONDITIONING SYSTEMS AMONG ELIGIBLE LAND IMPROVEMENTS

SEC. 515. Section 711(f) of the Housing and Urban Development Act of 1970 is amended—

(1) by striking out "sewage disposal" in the first and second sentences and inserting in lieu thereof "sewage or waste disposal";

(2) by inserting "community or neighborhood central heating or air-conditioning systems," after "storm drainage facilities," in the first sentence; and

(3) by inserting ", a community or neighborhood central heating or air-conditioning system," after "disposal installation" in the second sentence.

PART C—MISCELLANEOUS PROVISIONS

INCREASE IN AUTHORIZATION FOR COMPREHENSIVE URBAN PLANNING; PARTICIPATION OF THE TRUST TERRITORY OF THE PACIFIC

SEC. 521. (a) Section 701(b) of the Housing Act of 1954 is amended by inserting immediately after the fifth sentence the following new sentence: "In addition, there is authorized to be appropriated for the pur-

pose of this section not to exceed $130,000,000 for the fiscal year beginning on June 1, 1974.".

(b) Section 703 of the Housing Act of 1954 is amended by striking out the word "and" in clause (1) and by inserting ", and the Trust Territory of the Pacific Islands" immediately before the semicolon at the end of such clause.

COUNSELING AND TECHNICAL ASSISTANCE

SEC. 522. (a) Section 106 of the Housing and Urban Development Act of 1968 is amended by rewriting the heading to read as follows: "TECHNICAL ASSISTANCE, COUNSELING TO TENANTS AND HOMEOWNERS, AND LOANS TO SPONSORS OF LOW- AND MODERATE-INCOME HOUSING".

(b) Section 106(a)(1)(iii) of such Act is amended to read as follows:

"(iii) the provision of training and counseling programs (including preoccupancy programs) for low- and moderate-income tenants and homeowners, including but not limited to, housing selection and purchase procedures, family budgeting, property use and maintenance, household management, and utilization of community resources; and".

(c) Section 106(a)(1) of such Act is amended by adding at the end thereof the following new subparagraph:

"(iv) the provision of technical assistance to communities, particularly smaller communities, to assist such communities in planning, developing, and administering Community Development Programs pursuant to title I of the Housing and Urban Development Act of 1974."

(d) Section 106(a)(2) of such Act is amended by striking out "not to exceed $5,000,000" and inserting in lieu thereof "such sums as may be necessary".

(e) Section 106(b)(1) of such Act is amended by inserting "or public housing agencies" immediately after "nonprofit organizations".

(f) Section 106(b)(2) of such Act is amended by inserting "or public housing agency" immediately after "nonprofit organization".

LIMITATION ON WITHHOLDING OR CONDITIONING OF ASSISTANCE

SEC. 523. Assistance provided for in this Act, the National Housing Act, the United States Housing Act of 1937, the Housing Act of 1949, the Demonstration Cities and Metropolitan Development Act of 1966, and the Housing and Urban Development Acts of 1965, 1968, 1969, and 1970 shall not be withheld or made subject to conditions or preference by reason of the tax-exempt status of bonds or other obligations issued or to be issued to provide financing for use in connection with such assistance, except where otherwise expressly provided or authorized by law.

ADDITIONAL RESEARCH AUTHORITY

SEC. 524. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

"ADDITIONAL RESEARCH AUTHORITY

"SEC. 509. (a) In carrying out activities under section 501, the Secretary may undertake special demonstrations to determine the housing design, the housing structure, and the housing-related facilities, services, and amenities most effective or appropriate to meet the needs of groups with special housing needs including the elderly, the handicapped, the displaced, single individuals, broken families, and large households. For this purpose, the Secretary is authorized to enter into contracts with, to make grants to, and to provide other types of assistance to individuals and entities with special competence and knowledge to contribute to the planning, development, design, and management of such housing.

"(b) In carrying out his functions under this section, the Secretary shall give preferential attention to demonstrations which in his judgment involve areas of housing user needs most neglected in past and current research and demonstration efforts.

"(c) The Secretary is authorized to undertake demonstrations involving the actual planning, development, and occupancy of housing utilizing the contract and loan authority of any federally assisted housing program. He is also authorized to set aside any development, construction, design, and occupancy requirements, for purposes of these demonstrations, if in his judgment they inhibit the testing of housing designed to meet the special housing needs.

"(d) In carrying out this section, the Secretary shall include, as part of any demonstration, an evaluation of the demonstration to cover the full experience involved in planning, development, and occupancy.

"(e) In addition to any other contract or loan authority which the Secretary may utilize under subsection (c), not more than $10,000,000 from amounts approved in appropriation Acts shall be available for research under this section."

ADDITIONAL ASSISTANT SECRETARIES OF HOUSING AND URBAN DEVELOPMENT

SEC. 525. (a) Section 4 of the Department of Housing and Urban Development Act (Public Law 89-174, 79 Stat. 667) is amended—

(1) by striking out "six" in the first sentence of subsection (a) and inserting in lieu thereof "eight";

(2) by striking out subsection (b); and

(3) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(b) Section 5316 of title 5, United States Code, is amended by striking out paragraph (122).

(c) Paragraph (87) of section 5315 of title 5, United States Code, is amended by striking out "(6)" and inserting in lieu thereof "(8)".

SEC. 526. Notwithstanding the provisions of section 133(b) of the Housing Act of 1949 or of any other law, local expenditures made in connection with the Broad and Front Street Garage in Trenton, New Jersey, shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the first two action years of the Trenton Neighborhood Development Program (N.J. A-1) in accordance with the provisions of title I of the Housing Act of 1949.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: On page 111, line 17, strike everything through line 2 on page 112, and renumber the succeeding section.

Mr. ROUSSELOT. Mr. Chairman, what this amendment does is to strike from the bill a section which adds potential assistance for the National Foundation on the Arts and Humanities.

The present language of the bill would amend section 718(c) of the Housing and Urban Development Act of 1970 to add a "project or portion of a project assisted by contracts or grants under section 5 of the National Foundation on the Arts and Humanities Act of 1965" to the list of projects on which new communities may spend HUD assistance funds.

The money could be applied to the acquisition of buildings, equipment, and art objects which meet the vague standards of the Arts and Humanities Act. This provision is completely contrary to the spirit of an effort to provide necessary improvements in housing, and it is unfair to tax our citizens to provide localities with cultural frills. Cultural inspiration and entertainment can properly be an important part of the development of new communities, but the availability of such facilities as a "free good" invites abuse and inevitably results in the sacrifice of more important needs.

The Department of Interior appropriation for this fiscal year contained $54,300,000 for assistance under section 5 of the Arts and Humanities Act. The Arts and Humanities Amendments of 1973 provided $268 million of authority for this purpose for fiscal years 1974 through 1976. If supporters of the Foundation feel it needs more money to conduct projects of this type, they should go through the regular authorization and appropriation process and not try to use the housing bill as a vehicle for this purpose.

I hope the Members will help me remove this from the bill. I do not believe it belongs in a housing bill.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this was debated by the committee when it was offered by the gentleman from California. It was overwhelmingly defeated, as I trust it will be now.

The fact of the matter is that this provision provides no additional funds. They already exist. They have been provided for in other statutes.

I would say this, that what we are really talking about here is the new community program, title VII of the 1970 act. This program has thus far produced successful applicants numbering some 12 or 14, as I recall, in all parts of the country.

What we have are new communities that are springing up as a result of the new cities springing up, as a result of the adoption of title VII in the 1970 Housing Act. All this would do is to say that among the uses of supplementary grants that are provided for in the 1970 act, we will add one, namely, the use of supplementary grants to assist grants from the Commission on Arts and Humanities. As I say, Mr. Chairman, this was discussed at some length. There was overwhelming consensus that this was a most legitimate avenue of expenditure and that it should be included.

What we are trying to do, of course, in our new community program is to develop far more viable, far more attractive places for people to live with differences of income, differences of race, all the rest that we have at the present time. This really is an amendment which would make more difficult the addition of the kinds of amenities which are necessary to a full environment that is sought to be achieved in our community.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Of course, I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Of course, the gentleman realizes that if any funds are utilized under this section of the bill, they will come out of allowance for other needed housing programs. They will have to be taken from those programs. The point I am trying to make is there are already adequate places in the Department of Interior legislation to cover these proposals. We have an arts and humanities bill which my colleague, the gentleman from Iowa, has discussed many times. This does not prevent a new community from applying for these very funds that I have previously described.

Mr. ASHLEY. That is right.

Mr. ROUSSELOT. But it does detract from this housing bill to keep this in here.

Mr. ASHLEY. No. The gentleman is mistaken when he says if the funds are used for this purpose, they will not be available for housing. Under no circumstances are they available for housing. What they are available for is——

Mr. ROUSSELOT. Community development.

Mr. ASHLEY. No. If the gentleman will hear me out, the supplemental funds are used for the development of the infrastructure of the new community, which are roads, sewers, water, power, green spaces, all of the entire area of the new community.

Mr. ROUSSELOT. The gentleman is not trying to tell us sewers are going to be built because we do or do not have this arts and humanity section in the bill? The arts and humanities section is not going to take care of sewers. I want to be sure everyone understands that. There will be no more sewers because we do or do not have this section in the bill.

Mr. ASHLEY. I do not believe the gentleman really means that.

Mr. ROUSSELOT. That is what the gentleman said. He said there will be no more sewers or somehow sewer grants will be diminished.

Mr. HANNA. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. HANNA. The gentleman is saying first of all this section applies only to the funding that is in the New Communities Act and for no other purpose whatsoever. Number two, the money this would draw from are those monies set up in that Act that go for the kinds of amenities the gentleman discusses, and in accordance with our experience it has been a very small impact on those funds for these particular uses. But where they have been used, the people in those programs thought they were very important and needed.

Mr. ASHLEY. That is correct.

Mr. Chairman, I urge objection to the amendment.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, may I ask the gentleman from Ohio if this section of the bill will provide for one dollar more of housing?

Mr. ASHLEY. No, it will not.

Mr. GROSS. And it will not provide one nickel's worth of bacon and beans for those we are supposed to be trying to help, the elderly and all the rest?

Mr. ASHLEY. No, this title of the bill does not do that.

Mr. GROSS. Then why is this section in the bill?

Mr. ASHLEY. It is in the bill because the bill before us has six titles, as the gentleman knows, which have to do with various things.

Mr. GROSS. The number of titles has nothing to do with it. Why did the committee drag the arts and humanities into this bill? Why did it drag them in by the ears since they make no contribution to the purpose of this bill? It is to provide homes, is it not?

Mr. ASHLEY. The activities of the Commission on the Arts and Humanities relate to cities and to places where people are. That is where the activities take place. The gentleman was not in favor of that program. He voted against it. But the fact of the matter is that the program is on the books and it is meant to help people where they live.

Mr. GROSS. But the gentleman is not going to get money out of that fund.

Mr. ASHLEY. Now we get to it. All this says is that supplementary grants made available in 1970 to communities, a small portion of those grants can be used in addition to the funds available from the Commission on the Arts and the Humanities.

Mr. GROSS. What is the purpose of it?

Will the arts and humanities payrollers teach the aged and the poor sculpturing, belly dancing or what?

Mr. ASHLEY. That might be. It might be included in the activity or there might be an amphitheater or workshop or other types of activities in the arts and crafts centers, types of activities that the people really should have in their leisure time activity, and any kind of community that calls itself a fully rounded type of community should have it.

Mr. GROSS. Why not just take this section out of the bill and go on and build homes?

Mr. ASHLEY. I begin to wish that I could.

Mr. GROSS. I hope the House will adopt the gentleman's amendment and strike this section. It has absolutely no place in a housing bill.

Mr. ASHLEY. Mr. Chairman, I ask for a rejection of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The question was taken; and the Chairman being in doubt, the committee divided, and there were—ayes 39, noes 58.

RECORDED VOTE

Mr. GROSS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 111, noes 260, answered "present" 1, not voting 61, as follows:

[Roll No. 311]

AYES—111

Archer	Fish	O'Brien
Armstrong	Fisher	Parris
Bafalis	Flynt	Passman
Bauman	Forsythe	Pettis
Beard	Froehlich	Poage
Bell	Gibbons	Powell, Ohio
Bennett	Gilman	Price, Tex.
Biaggi	Goldwater	Randall
Blackburn	Goodling	Rarick
Boland	Gross	Roberts
Bray	Harsha	Robinson, Va.
Brinkley	Hinshaw	Rousselot
Brown, Ohio	Hogan	Satterfield
Broyhill, N.C.	Huber	Scherle
Burleson, Tex.	Hunt	Shoup
Butler	Hutchinson	Shuster
Byron	Jarman	Snyder
Camp	Kemp	Spence
Clancy	Ketchum	Steed
Clausen, Don H.	Kuykendall	Steelman
Clawson, Del	Lagomarsino	Steiger, Ariz.
Collier	Latta	Stubblefield
Collins, Tex.	Leggett	Taylor, Mo.
Conable	Long, Md.	Taylor, N.C.
Conlan	Lott	Thomson, Wis.
Conte	McCollister	Thone
Daniel, Dan	McKinney	Treen
Daniel, Robert W., Jr.	Mahon	Veysey
Davis, Wis.	Maraziti	Waggonner
Delaney	Martin, Nebr.	Walsh
Dennis	Martin, N.C.	White
Derwinski	Michel	Widnall
Dickinson	Milford	Wiggins
Downing	Miller	Wolff
Duncan	Mizell	Wydler
Eshleman	Montgomery	Wylie
	Moorhead, Calif.	Young, S.C.
		Zion

NOES—260

Abdnor	Diggs	Jones, N.C.
Abzug	Dingell	Jones, Okla.
Adams	Donohue	Jones, Tenn.
Addabbo	Drinan	Jordan
Alexander	Dulski	Karth
Anderson, Ill.	du Pont	Kastenmeier
Andrews, N.C.	Eckhardt	Kazen
Andrews, N. Dak.	Edwards, Calif.	King
Annunzio	Eilberg	Kluczynski
Ashley	Erlenborn	Koch
Aspin	Evans, Colo.	Kyros
Badillo	Evins, Tenn.	Landrum
Baker	Fascell	Lehman
Barrett	Findley	Lent
Bergland	Flood	Litton
Bevill	Flowers	Long, La.
Biester	Ford	Lujan
Bingham	Fountain	Luken
Blatnik	Fraser	McClory
Boggs	Frelinghuysen	McCloskey
Bolling	Frenzel	McCormack
Bowen	Frey	McDade
Brademas	Fulton	McEwen
Breaux	Fuqua	McFall
Breckinridge	Gaydos	McKay
Brooks	Gettys	Madden
Broomfield	Giaimo	Madigan
Brotzman	Ginn	Mallary
Brown, Calif.	Grasso	Mann
Brown, Mich.	Green, Oreg.	Mathis, Ga.
Buchanan	Green, Pa.	Mayne
Burke, Calif.	Grover	Mazzoli
Burke, Fla.	Gude	Meeds
Burke, Mass.	Gunter	Melcher
Burlison, Mo.	Guyer	Metcalfe
Burton	Haley	Mezvinsky
Carney, Ohio	Hamilton	Minish
Carter	Hammer-schmidt	Mink
Casey, Tex.	Hanley	Mitchell, Md.
Cederberg	Hanna	Moakley
Chamberlain	Hanrahan	Moorhead, Pa.
Chappell	Hansen, Idaho	Morgan
Chisholm	Harrington	Mosher
Clark	Hays	Moss
Clay	Hechler, W. Va.	Murphy, Ill.
Cleveland	Heckler, Mass.	Murphy, N.Y.
Cochran	Heinz	Murtha
Cohen	Helstoski	Myers
Collins, Ill.	Hicks	Natcher
Conyers	Hillis	Nedzi
Corman	Holifield	Nelsen
Cotter	Holt	Nix
Cronin	Holtzman	O'Hara
Culver	Horton	O'Neill
Danielson	Hudnut	Owens
de la Garza	Hungate	Patman
Dellenback	Johnson, Calif.	Patten
Dellums	Johnson, Colo.	Pepper
Denholm	Johnson, Pa.	Perkins
Dent	Jones, Ala.	Peyser
		Pickle

Pike	Schroeder	Udall
Preyer	Sebelius	Ullman
Price, Ill.	Seiberling	Van Deerlin
Pritchard	Shipley	Vander Jagt
Quie	Shriver	Vander Veen
Railsback	Sisk	Vanik
Rangel	Skubitz	Vigorito
Rees	Slack	Waldie
Regula	Smith, Iowa	Wampler
Reuss	Smith, N.Y.	Ware
Rinaldo	Staggers	Whalen
Robison, N.Y.	Stanton,	Whitehurst
Rodino	J. William	Wilson, Bob
Roe	Stanton,	Wilson,
Rogers	James V.	Charles H.,
Roncalio, Wyo.	Stark	Calif.
Roncallo, N.Y.	Steele	Wilson,
Rooney, Pa.	Steiger, Wis.	Charles, Tex.
Rosenthal	Stephens	Winn
Rostenkowski	Stokes	Wright
Roush	Stratton	Wyatt
Roy	Studds	Yates
Roybal	Sullivan	Yatron
Runnels	Symington	Young, Fla.
Ruth	Talcott	Young, Ga.
St Germain	Thornton	Young, Tex.
Sarasin	Tiernan	Zablocki
Sarbanes	Traxler	Zwach

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—61

Anderson, Calif.	Gubser	Quillen
Arends	Hansen, Wash.	Reid
Ashbrook	Hastings	Rhodes
Brasco	Hawkins	Riegle
Broyhill, Va.	Hébert	Rooney, N.Y.
Burgener	Henderson	Rose
Carey, N.Y.	Hosmer	Ruppe
Coughlin	Howard	Ryan
Crane	Ichord	Sandman
Daniels,	Landgrebe	Schneebeli
Dominick V.	McSpadden	Sikes
Davis, Ga.	Macdonald	Stuckey
Davis, S.C.	Mathias, Calif.	Symms
Devine	Matsunaga	Teague
Dorn	Mills	Thompson, N.J.
Edwards, Ala.	Minshall, Ohio	Towell, Nev.
Esch	Mitchell, N.Y.	Whitten
Foley	Mollohan	Williams
Gray	Nichols	Wyman
Griffiths	Obey	Young, Alaska
	Podell	Young, Ill.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. HOLT

Mrs. HOLT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. HOLT: Page 112, after line 16, insert the following new part (and redesignate the succeeding part and sections accordingly):

PART C—NATIONAL HOMESTEAD PROGRAM

SEC. 521. It is the purpose of this part to assist in alleviating the present shortage of decent housing for low- and moderate-income individuals and families through the more constructive use of federally owned residential property, while at the same time assisting in the elimination of deterioration and blight in urban and other areas and in the effective rehabilitation of those areas.

SEC. 522. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") shall—

(1) compile, maintain, and keep current a catalog of all unoccupied single-family dwellings in urban and other areas within the United States which are owned by him or his Department, and which would be suitable for occupancy and rehabilitation by qualified low- and moderate-income individuals and families under the national homestead program established by this part; and

(2) take such steps as may be necessary or appropriate (by publication, advertisement, or otherwise) to assure that the residents of each community or area in which any of such dwellings is located will be fully and currently informed of (A) the existence, nature and location of such dwellings, (B) the qualifications required for participation in the program under this part and (C) the terms and conditions on which such dwellings may be conveyed to qualified persons.

(b) The dwellings included in the catalog compiled under subsection (a) shall be offered to qualified low- and moderate-income applicants in accordance with this part without regard to their race, color, religion, sex, or national origin but with due consideration in each case of the suitability of the dwellings involved for the applicant's family (taking into account its size and composition and other relevant factors).

SEC. 523. An applicant is qualified, for purposes of participation in the program under this part with respect to any dwelling, only if he or she—

(1) is eighteen years of age or older;

(2) is the head of his or her household;

(3) is a citizen of the United States;

(4) has not previously participated in the program;

(5) is not the owner of any other real property; and

(6) possesses the financial, technical, and other resources which are necessary (as determined under regulations prescribed by the Secretary) to rehabilitate such dwelling in accordance with his or her agreement entered into under section 524.

SEC. 524. (a) The conveyance of any dwelling to an applicant under the program shall be made on a conditional basis, in return for the payment by such applicant of $1 and the execution by such applicant of an agreement as described in subsection (b).

(b) Each applicant for a dwelling under the program shall enter into an agreement, in such manner and form as the Secretary may require, that he or she—

(1) will reside in the dwelling (and maintain it as his or her principal residence) for a period of at least five years;

(2) will during such period rehabilitate and maintain the dwelling so that it satisfies all of the requirements of applicable State and local law, including building, plumbing, electrical, fire prevention, and related codes;

(3) will carry adequate fire and liability insurance on the dwelling at all times;

(4) will permit inspections of the dwelling to be made at reasonable times by agents or employees of the Secretary for the purpose of determining the progress of the rehabilitation; and

(5) will comply with such additional terms, conditions, and requirements as the Secretary may impose in order to assure that the purpose of this part is carried out.

(c) Upon any material failure by the applicant to carry out his or her agreement entered into under subsection (b) with respect to the dwelling, the conditional conveyance of title to such applicant under subsection (a) shall be revoked, and all right, title, and interest in and to the dwelling shall revert to the Secretary; except that the Secretary may in his discretion grant the applicant, on the basis of need or otherwise, a specified period or extension of time not exceeding two years in which to come into compliance with the terms of the agreement and thereby avoid such revocation and reversion.

(d) After the applicant has resided in the dwelling for the required five-year period and has rehabilitated and maintained it and otherwise complied with the terms of his or her agreement throughout such period, the Secretary shall convey to the applicant fee simple title to the dwelling (including the land on which it is situated).

SEC. 525. The Secretary shall prescribe such rules and regulations, including rules and regulations establishing standards and methods for the inspection of dwellings and the measurement of rehabilitation progress, as may be necessary or appropriate to carry out this part.

SEC. 526. (a) The legal title to and ownership of any dwelling conditionally conveyed to an applicant under section 524(a) shall remain in the Secretary for purposes of all Federal, State, and local laws until fee simple title to such dwelling is conveyed to such applicant under section 524(d); and the conditional conveyance of such dwelling shall specifically so provide. During the period prior to fee simple conveyance such dwelling shall be subject to State and local property taxes only to the extent that other federally owned real property is or would be subject to such taxes under similar conditions.

(b) To the extent he finds it feasible and desirable and consistent with the purpose of this part, the Secretary may enter into agreements with State and local governments and agencies under which single-family dwellings owned by them may be included in the catalog compiled under section 522. Under regulations prescribed by the Secretary, modifying the provisions of this part to the extent necessary or appropriate to take account of differences resulting from State or local ownership, any dwellings so included shall be offered and conveyed to qualified applicants in the same manner and on the same terms and conditions as dwellings owned by the Secretary.

(c) Section 312(a)(1) of the Housing Act of 1964 is amended by adding "or" after the semicolon at the end of subparagraph (C), and by adding at the end thereof the following new paragraph:

"(D)(i) the property is being occupied pursuant to an agreement entered into under part C of title V of the Housing and Urban Development Act of 1974, and (ii) the loan is made to assist the occupant in carrying out his or her responsibilities under that agreement;".

SEC. 527. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this part.

Mrs. HOLT (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Maryland?

There was no objection.

Mrs. HOLT. Mr. Chairman, the purpose of my amendment is to include a provision in the Housing and Urban Development Act of 1974 which will establish a national homestead program under which single family dwellings owned by the Secretary of Housing and Urban Development may be conveyed to individuals and families who will occupy and rehabilitate them. A homesteading amendment was considered in full committee and received a 16 to 16 vote. The other body has included a homesteading section in its bill. When I introduced this legislation in September, 40 members joined me in cosponsoring. This is intended to assist in alleviating the present shortage of housing for low and moderate income individuals through the more constructive use of federally owned residential property, while at the same time assisting in the elimination of deterioration and blight in urban and other areas and in the effective rehabilitation of those areas.

The major provisions of this amendment are that it directs the Secretary of Housing and Urban Development to convey to individuals and families conditional title to unoccupied HUD owned

single family dwellings. Conditional title is conveyed in return for a token payment and the execution of an agreement which requires the applicant to reside in the dwelling for at least 5 years and to rehabilitate and maintain the dwelling so that it satisfies all of the requirements of State and local law including building, fire, electrical, and related codes.

Upon the successful completion of the terms of this agreement, fee simple title to the dwelling and the land is conveyed to the "homesteader." To assist in the rehabilitation of these dwellings, homesteaders are made eligible for the section 312 rehabilitation loan program of HUD. The material failure of the applicant to carry out his agreement results in all title and interest in the property reverting to the Secretary of HUD.

I have always maintained that the vital ingredient of a successful housing program is the encouragement of private ownership. Community pride and community improvement only occur when the residents have a stake in its future. Home ownership provides an incentive which is completely absent from rental projects.

The benefits of a national homesteading program are many including the restoration of severely needed living quarters and a simple means of homeownership for people dedicated to the future of the community. In addition, I believe a homesteading program will prove to be cost effective—a quality which is unfortunately lacking in many Federal programs. Currently, the Department of Housing and Urban Development is holding or has foreclosed on approximately 70,000 single housing units. Even when foreclosure is not necessary, operating and financing a housing subsidy program requires long term Federal involvement and substantial amounts of money.

The Washington Post, in an editorial on July 10, 1973, stated that:

> According to the Detroit News, since January 1970 HUD has incurred costs of over 180 million dollars on homes repossessed and not sold in that region alone. Nationwide, the failures are still mounting so rapidly that HUD officials figure that by July 1974 the Agency will hold at least 254,000 (both single family and multi-family units)—enough to house the entire population of whole states.

It is unfortunate but true that the Federal Government is the largest slum landlord in our country today. I believe that the time has come to get the Government out of that business and back to the business of meeting our housing commitments to the American people. I urge you to support this small scale homesteading program.

Mr. STEPHENS. Mr. Chairman, would the gentlewoman yield?

Mrs. HOLT. I yield to the gentleman from Georgia.

Mr. STEPHENS. Mr. Chairman, I would like to commend the gentlewoman on offering this amendment. I supported this amendment when it was offered in the subcommittee and in the full committee, and I will be glad to have the amendment adopted.

Mrs. HOLT. I thank the gentleman from Georgia.

Mrs. SULLIVAN. Mr. Chairman, will the gentlewoman yield?

Mrs. HOLT. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, I would like to say that I cosponsored this bill with the gentlewoman from Maryland (Mrs. HOLT) and I think it is a good idea. But I think it is wrong to try to include this in the housing bill today. We have had no hearings on it. We do not know what it costs. I think it would be much better to consider the bill by itself so that we can correctly estimate the significance of the program.

Mr. ADAMS. Mr. Chairman, will the gentlewoman yield?

Mrs. HOLT. I will be glad to yield to the gentleman from Washington.

Mr. ADAMS. Mr. Chairman, I want to commend the gentlewoman from Maryland (Mrs. HOLT) for offering this amendment. I support her amendment, because it is one of the things that was done in the West very effectively from 1962 on. I am sure that this would work out in the same fashion by putting single families into homes in the urban part of our States.

I am glad the gentlewoman from Maryland has offered the amendment, and I commend her for doing so. I support the amendment and hope the House will adopt it.

Mrs. HOLT. Mr. Chairman, in response to the gentlewoman from Missouri (Mrs. SULLIVAN) I feel that this can only save money, when we are spending so much just to hold on to the housing. I feel the only cost involved will be the administration of the program. If we have a 50-percent success in this, we still will be way ahead of what we are doing now.

Mr. BARRETT. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from Maryland (Mrs. HOLT).

Mr. Chairman, I would like to ask the gentlewoman from Maryland a question, if I may:

I am quite sure, as the gentlewoman from Missouri (Mrs. SULLIVAN) pointed out, the gentlewoman from Maryland knows that we have held no hearings on this matter. I am also quite sure that the gentlewoman from Maryland cannot tell us exactly how much this would cost.

I certainly do not want to ask the gentlewoman from Maryland any questions that might be considered embarrassing, but I was wondering if the gentlewoman could tell us how a family that does not have an adequate income could take one of these houses and rehabilitate it with an adequate heating system, kitchen, utilities, and bathroom facilities? How can we get lenders, or any bankers, to give money to a family of this type?

Then, may I ask one other question:

We had this bill offered as an amendment in the committee. It seemed to me without holding extensive hearings on this that we cannot put these poor people in these gutted properties and perpetuate them in poverty.

These are the things I think the Members here tonight ought to look over and evaluate very carefully, and maybe the gentlewoman's amendment would be worthwhile after we have adequate hearings. I am hopeful that the Members here tonight will consider that on this basis, and 1 day we can hold hearings on it and come out with a bill that might be acceptable to this body.

Mrs. HOLT. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentlewoman from Maryland.

Mrs. HOLT. I thank the gentleman for yielding.

Mr. Chairman, I feel that it is urgent that we do something at this point. The amount of money that we are spending in hanging onto this housing and trying to maintain it is astronomical. It has been tried for 2 years. We have been trying to get the Secretary to take some action to get rid of it, and they have been adopting pilot programs. They have tested it all over the country after we did introduce the bill here, so I think it has been thoroughly tested.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from California.

Mr. REES. I thank the gentleman for yielding.

I might say that this was Mr. GONZALEZ's amendment in the Committee on Banking and Currency. Mr. GONZALEZ is a member of the majority. He is a Democrat. He offered this, and the minority said if this goes in, the President is going to veto the bill. What kind of game are we playing around here? The threat was made, and now the minority comes up with it on every bill on the floor.

Mr. BARRETT. Mr. Chairman, in the interest of saving time, I ask for a vote on the gentlewoman's amendment.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I concur with the gentleman from California (Mr. REES) when he said that this amendment was pretty much originally authored by the gentleman from Texas (Mr. GONZALEZ) in the committee. At that time it was defeated, which I hope the House will do now, since we should not enact this program, espepecially as a mandatory program. That is, if I understand the amendment correctly. Homes would be conveyed directly from the Secretary to individuals rather than under the experimental program which HUD is conducting where conveyances are made to public bodies and they assume the responsibility for making sure that the homes are rehabilitated and made livable and comply with codes and so on.

Since everyone seems to think this homestead idea is such a good political thing, let me just read from articles that have been written regarding urban homesteading, which point out the need for further study, even of the experimental program, which is presently being conducted by HUD.

The Detroit News: "Financing is a problem in 2 other cities—Detroit homestead plan faces hurdles."

Chicago Sun-Times: "Views on urban homesteading":

"It is a false notion that urban homesteading, even at $1 a home, benefits the poor, the head of Baltimore's fledgling homestead efforts said here."

Wilmington, Delaware Evening Journal: "Legal Mortgage Tangle Snarls Homesteading Even for Affluent."

The Cincinnati Post: "Council warned of pitfalls in urban homesteading."

The Detroit Free Press: "Urban Homesteading Off to a Slow Start."

The Cleveland Post: "Is Homesteading A Myth?"

The Chicago Tribune: "Urban homesteading programs have good points and drawbacks."

Quoting from the Morning News of Wilmington, Del., there is an article entitled "Homesteaders Find Out How Much 'Giveaway' Costs." In the Chicago Tribune we find this title, "Few Rushing For Urban Homesteads."

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman.

Mr. ASHLEY. Mr. Chairman, I would like to associate myself with the articles mentioned by the gentleman.

Mr. BROWN of Michigan. Mr. Chairman, all I want to say is that I certainly am sympathetic with the arguments of the gentlewoman from Maryland, that there is some benefit possibly to be gained, and it would be a desirable means of disposing of homes in the HUD inventory. But we are already doing that on an experimental or pilot basis. There have been problems and drawbacks and that is why it is not being used more extensively and pushed faster. I do not think we want to mandate the Secretary of HUD to dispose of homes in a way and method which even on an experimental basis we have not been able to get the defects out of.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I certainly want to support the amendment proposed by the gentlewoman from Maryland.

All the newspapers in the world and all the critics of any new innovative program can find 100,000 reasons why to criticize it or delay it. One of the things we do most often in this country is to delay meeting the real needs of the people by using the words, "Let us commit it for some further study."

I heard the gentleman from Michigan refer to some statement that my Housing Authority in Baltimore had made. I am not aware of those statements. I am aware of what is happening with homesteading in my city. Let me give the Members some illustrations. For the first time we are beginning to achieve a racial mix within some of the worst areas of Baltimore City because of the Homestead Act. For the first time we have achieved in Sterling Street, a tiny street, a situation in which 60 integrated families are moving in and buying those homes for $1 and rehabilitating them.

But above and beyond that aspect, let me speak about the little man who gets this house for $1. We have found various cooperative groups have helped in the rehabilitation of those homes to make them livable. Come to my house at 1805 Madison Avenue in the heart of a ghetto in Baltimore City and look at the home across the street which was sold for $1 under the Homestead Act. If you do you will see a beautiful and decent residence for a family.

Mr. STARK. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield to the gentleman from California.

Mr. STARK. Mr. Chairman, I associate myself with the remarks made by the gentleman from Maryland (Mr. MITCHELL).

I want to point out that in Oakland where HUD now owns 400 homes, they tell us they cannot dispose of them because they cannot give them away. I suggest they have a try. What they are doing with the 400 homes which are boarded up, when we have people who would like to live in them and reconstruct them, is to let the rats and the elements tear down the homes and dispose of them in that way.

I suggest we support the amendment offered by the gentlewoman from Maryland because it is something we could all benefit from.

Mr. MITCHELL of Maryland. I do not care about the partisan efforts on this issue. I do not care whether Republicans or Democrats get credit. What I care about is finding some way of putting homes in the hands of people.

I urge support of the amendment offered by the gentlewoman from Maryland.

Mr. PRITCHARD. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will try to be brief because I know the hour is late, but I feel very strong about this subject, because in our town we have over 7,000 of these units and we have had them ever since the Boeing slump. If the Members want to know about something that tears down a neighborhood, I suggest they have one of these houses sitting along the street, with the windows broken out, and the grass growing, and they are a threat to the security and the property values all up and down that neighborhood. It does not do anybody any good.

On top of that in my own community the whole country paid over $2 million in taxes just to maintain those things sitting in the neighborhoods.

All over the country there are some 71,000 of these individual units at a cost, which I have from HUD, of $145 million which this country spent last year on these units sitting there.

I just called our county, where there is an experimental program of 100 units. The county housing man was enthusiastic about the progress and the movement that is taking place with these units, which have been absolute drugs on the market. It has been terrible what they have been doing to our neighborhoods.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, I would like the gentleman to take a look at the bill. In the application, the general local authorities can indicate what number of new houses they want, what number of substantially rehabilitated houses they want, and what number of existing housing they want for the poor. We are trying to get that money in circulation and do the very same thing the gentleman is talking about.

In Philadelphia, in Boston, we all have had these problems and have them now. We want to try to cure them. We cannot cure them in this manner.

The gentleman from Maryland (Mr. MITCHELL) told me the other day that the middle-income and high-income people are coming into Baltimore City and paying $1 for these houses, and making mansions out of them.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield so that I can give the full statement I made to my distinguished Chairman of the subcommittee?

Mr. PRITCHARD. Mr. Chairman, I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I indicated that we had some middle-income families coming in and buying them for $1, and that is good. I also added that we have some people at the bottom of the barrel buying them for $1 and making them into residences.

I want the whole statement laid out.

Mr. PRITCHARD. They did have hearings in the Senate and did put this in the bill. I hope this House will go on record for this concept so that it will go into conference, so that when it comes back here it is a part of the bill.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, we have had this under consideration. We did not think an urban homestead act or title was necessary, because there is the authority in the bill before us right now to accomplish everything which the gentlewoman from Maryland has proposed. That is the reason we do not have a separate title.

Mr. PRITCHARD. Mr. Chairman, I thank the gentleman. If that is the case, this will not do any harm, but just reinforce it.

Mr. Chairman, I urge support of the gentlewoman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Maryland (Mrs. HOLT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STOKES

Mr. STOKES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STOKES: Page 116, after line 14, insert the following new section (and redesignate the succeeding sections accordingly):

MATERIALS, DESIGN, AND CONSTRUCTION REQUIREMENTS FOR LOW- AND MODERATE-INCOME HOUSING

SEC. 525. The Secretary of Housing and Urban Development shall take such steps as may be necessary (including the insertion of appropriate requirements, specifications, and

enforcement provisions in assistance contracts) to make certain that all housing which is constructed for use by low- or moderate-income families with assistance under any law or program administered by the Secretary or under his jurisdiction is designed and constructed in such manner, and utilizes materials of such quality and durability, as to assure to the maximum extent feasible that such housing will have a long economic life, resist deterioration, and provide ease of maintenance, regardless of any savings in cost which might otherwise be realized through the use or application of inferior design, construction, or materials.

Mr. STOKES (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. BROWN of Michigan. Mr. Chairman, I must reserve the right to object until we get a copy of the amendment.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read the amendment.

Mr. STOKES (during the reading). Mr. Chairman, I renew my request and ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

Mr. BROWN of Michigan. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. STOKES. Mr. Chairman, I rise to offer an amendment to deal with a problem which affects the essence of our efforts to meet our great housing problems. We are not ending slums, we are simply building different ones. The current law has fostered a situation whereby construction decisions take almost no account of quality or of durability. They only view such construction factors as things which affect current costs. For all the millions of taxpayers' dollars used to help build housing, the result is the creation of very cheap housing which is guaranteed to self destruct.

The extremely cheap materials and shoddy construction methods guarantee that within a very short period of time deterioration will set in and continue at an astounding rate. Inadequate plumbing, electrical wiring, wall and floor materials, and generally poor construction means that within months the respect one might have for a home begins to be eaten away. If prompt and complete repairs were made when requested, the situation might be tolerable. However, in practice, the cost of repairs of poorly constructed housing is so continually high that maintenance costs become prohibitive and result in either bankrupt housing authorities or grossly inadequate or nonexistent repairs, or both. The inevitable result is more deterioration, and less inclination or ability to repair it by tenants and landlords.

To add to our problem in trying to create durable, lasting housing is the uncontestable fact that families living in public housing tend to wear out housing faster. The reasons range from their lack of mobility to get away from their homes, to the fact that there is almost always someone home, to the fact that often large families are cramped together. When these factors and poor construction are combined with that percentage of people who have grown accustomed to decaying housing which they cannot rapidly get repaired and with that percentage who react with maliciousness to what surrounds them, you have the perfect "catch 22" of our housing policy. We tear down one slum and build another.

The only logical answer is to break this circle by building quality housing which is durable, and to provide the type of services which enables tenants to minimize the wear and destruction caused by them. Therefore, we must make a fundamental policy commitment that when the Government undertakes to build housing, it require high quality, and durability standards. My amendment requires the Secretary of HUD to take the necessary steps to insure that all housing constructed for use by low- and moderate-income families with Federal funds be constructed in such manner and utilize materials of such quality and durability as to insure that such housing will not only have a long economic life but will also resist deterioration and will provide ease of maintenance notwithstanding any savings in cost which might be realized through the use or application of inferior design, construction, or materials.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. STOKES).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JONES OF OKLAHOMA

Mr. JONES of Oklahoma. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Oklahoma: Page 116, after line 114, insert the following new section (and redesignate the succeeding sections accordingly):

FLOOD INSURANCE PROGRAM

SEC. 525. Chapter III of Title XIII of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following new section:

"NOTICE OF FLOOD HAZARDS

"SEC. 1364. Each Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similar institutions shall by regulation require such institution, as a condition of making, increasing, extending, or renewing (after the expiration of 30 days following the date of the enactment of this section) any loan secured by improved real estate or a mobile home located or to be located in an area that has been identified by the Secretary under this title or Public Law 93-233 as an area having special flood hazards, to notify the purchaser or lessee (or obtain satisfactory assurances that the seller or lessor has notified the purchaser or lessee) of such special flood hazards, in writing, a reasonable period in advance of the signing of the purchase agreement, lease, or other documents involved in the transaction."

Mr. JONES of Oklahoma (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JONES of Oklahoma. Mr. Chairman, this amendment arose as a result of a special problem in my district, which I later found to be a problem in many urban areas across the country.

This has to do with the development of commercial and private housing developments in flood plain areas, and these developments often add to the flood hazards in these areas. Many times it is a commercial development or a private housing development that is financed through the Federal Government, through FHA or SBA or some other program.

Then when the flood happens and damage results, the Federal Government is called upon again to help those who were the victims.

What this amendment does in essence is to say to a purchaser of property in a flood hazard area, as defined under the Flood Insurance Act which we passed this year, that before he can receive his loan the lender has to notify him in writing within a reasonable period of time before closing that the purchaser is in fact in a flood plain area, and it requires that satisfactory assurances be given by the seller or lessor that they have notified the purchaser or lessee.

Mr. Chairman, it just seems to make se ıse. We are extending the truth in lending concept in this special area in order to make sure that before development occurs in a flood plain area notification be given.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the distinguished Chairman of the Committee.

Mr. PATMAN. Mr. Chairman, we know something about the gentleman's amendment on this side. We have examined it, our people have looked it over, and we are willing to accept the amendment, if it is all right with the other side.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, surely we on this side have no argument with the concept of the amendment. The time period that is involved should give the regulatory authorities an opportunity to require of institutions that they give notice in turn to the people they deal with, and perhaps that timeframe might be a little tight.

However, I think we can agree that there should be notification to an unknowing purchaser that he is in a flood-prone area, if that be the case.

Mr. Chairman, we are willing to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. JONES).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BROOKS

Mr. BROOKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROOKS: On page 117, beginning on line 12, insert the following new section 527:

Section 1307 of the National Flood Insurance Act of 1968 is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of law, any community that has made adequate progress, acceptable to the Secretary, on the construction of a flood protection system which will afford flood protection for the one-hundred year frequency flood as determined by the Secretary, shall be eligible for flood insurance under this title (if and to the extent it is eligible for such insurance under the other provisions of this title) at premium rates not exceeding those which would be applicable under this section if such flood protection system had been completed. Provided, however, that the Secretary shall find that adequate progress as required herein, has been made if: (a) 100 percent of the project cost of the system has been authorized, and; (b) at least 60 percent of the project cost of the system has been appropriated, and; (c) at least 50 percent of the project cost of the system has been expended, and; (d) the system is at least 50 percent completed."

Mr. BROOKS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BROOKS. Mr. Chairman, I rise to offer an amendment to the Housing and Urban Development Act.

This amendment will allow an area where a flood control project which is substantially completed and which has not been delayed through any fault of the local sponsors to continue to receive flood insurance coverage at the subsidized rate.

This problem arises in a unique case in my district in Texas. It is my understanding that this will not have any material effect on the proposed legislation or on the overall flood insurance program other than to prevent undue hardship to a small area of Texas.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, the gentleman from Texas kindly furnished us a copy of the amendment. We have looked it over, and our side is willing to accept it, with the approval of the other side.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, we have also had an opportunity to examine the amendment, and we accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. BROOKS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ROSENTHAL

Mr. ROSENTHAL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROSENTHAL: On page 117, after line 11, insert the following new section:

"CONDOMINIUM AND COOPERATIVE STUDY

"SEC. 527. (a) The Secretary of Housing and Urban Development is authorized and directed to conduct a full and complete investigation and study, and report to Congress not later than one year after the date of enactment of this Act, with respect to condominiums and cooperatives, the problems, difficulties, abuses or potential abuses applicable to such housing.

Mr. ROSENTHAL. Mr. Chairman, I will take only a moment. I offer this amendment on behalf of the gentlewoman from Illinois (Mrs. COLLINS), the gentleman from New York (Mr. KOCH), and the gentleman from Maryland (Mr. GUDE).

The amendment speaks for itself. It calls for a study and a report to be made back to the Congress after 1 year on the questions concerning condominium projects and the abuses thereon.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I will say to my friend, the gentleman from New York, that if I had thought of this amendment, I would have offered it myself. It is a good amendment.

This is certainly a weighty problem, and the gentleman addresses himself to it in a thoughtful way. This is simply to provide that a study be made, and this is a step toward legislating on the basis of facts, which would be a refreshing thing to do.

Mr. PATMAN. Will the gentleman yield?

Mr. ROSENTHAL. I yield to the chairman.

Mr. PATMAN. I do not know of a single Member of Congress who would not want this in the bill. I congratulate the gentleman on the idea, and I hope it is adopted.

Mr. GUDE. Will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman.

Mr. GUDE. Mr. Chairman, I support this amendment. It is much needed.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, as a cosponsor of this amendment, I rise in support of it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. ROSENTHAL).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BADILLO

Mr. BADILLO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BADILLO: Page 112, after line 16, insert the following new part (and redesignate the succeeding part and sections accordingly):

PART C—NATIONAL HOMESTEAD PROGRAM

SEC. 521. It is the purpose of this part to assist in alleviating the present shortage of decent housing for low- and moderate-income individuals and families through the more constructive use of federally owned residential property, while at the same time assisting in the elimination of deterioration and blight in urban and other areas and in the effective rehabilitation of those areas.

SEC. 522. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") shall—

(1) compile, maintain, and keep current a catalog of all unoccupied single-family and multiple-family dwellings in urban and other areas within the United States which are owned by him or his Department, and which would be suitable for occupancy and rehabilitation by qualified low- and moderate-income individuals and families under the national homestead program established by this part; and

(2) take such steps as may be necessary or appropriate (by publication, advertisement, or otherwise) to assure that the residents of each community or area in which any of such dwellings is located will be fully and currently informed of (A) the existence, nature and location of such dwellings, (B) the qualifications required for participation in the program under this part and (C) the terms and conditions on which such dwellings may be conveyed to qualified persons.

(b) The dwellings included in the catalog compiled under subsection (a) shall be offered to qualified low- and moderate-income applicants (including tenant cooperatives) in accordance with this part without regard to their race, color, religion, sex, or national origin but with due consideration in each case of the suitability of the dwelling involved for the applicant's family (taking into account its size and composition and other relevant factors).

SEC. 523. An applicant is qualified, for purposes of participation in the program under this part with respect to any dwelling, only if he or she—

(1) is eighteen years of age or older;

(2) is the head of his or her household;

(3) is a citizen of the United States;

(4) has not previously participated in the program;

(5) is not the owner of any other real property; and

(6) possesses the financial, technical, and other resources which are necessary (as determined under regulations prescribed by the Secretary) to rehabilitate such dwelling in accordance with his or her agreement entered into under section 524.

SEC. 524. (a) The conveyance of any dwelling to an applicant under the program shall be made on a conditional basis, in return for the payment by such applicant of $1 and the execution by such applicant of an agreement as described in subsection (b).

(b) Each applicant for a dwelling under the program shall enter into an agreement, in such manner and form as the Secretary may require, that he or she (or each member of the tenant cooperative)—

(1) will reside in the dwelling (and maintain it as his or her principal residence) for a period of at least five years;

(2) will during such period rehabilitate and maintain the dwelling so that it satisfies all of the requirements of applicable State and local law, including building, plumbing, electrical, fire prevention, and related codes;

(3) will carry adequate fire and liability insurace on the dwelling at all times;

(4) will permit inspections of the dwelling to be made at reasonable times by agents or

employees of the Secretary for the purpose of determining the progress of the rehabilitation; and

(5) will comply with such additional terms, conditions, and requirements as the Secretary may impose in order to assure that the purpose of this part is carried out.

(c) Upon any material failure by the applicant to carry out his or her agreement entered into under subsection (b) with respect to the dwelling, the conditional conveyance of title to such applicant under subsection (a) shall be revoked, and all right, title, and interest in and to the dwelling shall revert to the Secretary; except that the Secretary may in his discretion grant the applicant, on the basis of need or otherwise, a specified period or extension of time not exceeding two years in which to come into compliance with the terms of the agreement and thereby avoid such revocation and reversion.

(d) After the applicant has resided in the dwelling for the required five-year period and has rehabilitated and maintained it and otherwise complied with the terms of his or her agreement throughout such period, the Secretary shall convey to the applicant fee simple title to the dwelling (including the land on which it is situated).

SEC. 525. The Secretary shall prescribe such rules and regulations, including rules and regulations establishing standards and methods for the inspection of dwellings and the measurement of rehabilitation progress, as may be necessary or appropriate to carry out this part.

SEC. 526. (a) The legal title to and ownership of any dwelling conditionally conveyed to an applicant under section 524(a) shall remain in the Secretary for purposes of all Federal, State, and local laws until fee simple title to such dwelling is conveyed to such applicant under section 524(d); and the conditional conveyance of such dwelling shall specifically so provide. During the period prior to fee simple conveyance such dwelling shall be subject to State and local property taxes only to the extent that other federally owned real property is or would be subject to such taxes under similar conditions.

(b) To the extent he finds it feasible and desirable and consistent with the purpose of this part, the Secretary may enter into agreements with State and local governments and agencies under which single-family dwellings owned by them may be included in the catalog compiled under section 522. Under regulations prescribed by the Secretary, modifying the provisions of this part to the extent necessary or appropriate to take account of differences resulting from State or local ownership, any dwellings so included shall be offered and conveyed to qualified applicants in the same manner and on the same terms and conditions as dwellings owned by the Secretary.

(c) Section 312(a)(1) of the Housing Act of 1964 is amended by adding "or" after the semicolon at the end of subparagraph (C), and by adding at the end thereof the following new subparagraph:

"(D)(i) the property is being occupied pursuant to an agreement entered into under part C of title V of the Housing and Urban Development Act of 1974, and (ii) the loan is made to assist the occupant in carrying out his or her responsibilities under that agreement;".

SEC. 527. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this part.

Mr. BADILLO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BADILLO. Mr. Chairman, this is the same amendment that Mrs. HOLT introduced except that it includes multifamily dwellings. Her amendment included only single-family dwellings. This includes multifamily dwellings in order to cover the situation in the central cities.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the requisite number of words.

I only point out that whereas it was a little problem earlier, now it has become a big problem. We are talking about several times the number of units, and once again I suggest to you this is not a voluntary and permissible thing. Under the original amendment it is a mandate to the Secretary to turn these over.

I certainly trust that you will not compound the errors already made.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BADILLO).

The amendment was rejected.

Mr. HORTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is distressing that after 4 years of debate over the role of the Federal Government in meeting the Nation's housing needs, we have a bill before us which is not only inadequate but punitive.

Some 18 months ago, the administration imposed its housing moratorium. With a few exceptions, that moratorium continues and federally subsidized housing efforts have virtually ceased. The suspension was accompanied by sharp cutbacks in Federal community development efforts as well. While Congress deplored the impoundment of housing funds prior to the development of reasonable alternative programs, it never forced the resumption of subsidy programs.

As a result, housing programs in our urban areas are in chaos. Cities, with their backs to the wall, view any housing bill as better than no bill. Some direction is better than more impoundment, program termination, and uncertainty.

Mr. Chairman, it is appalling that a bill of this magnitude should reach the House floor in such haste. While many of us tried to follow months of committee deliberations, the 216-page report on the final bill was not available until yesterday afternoon. Though we have not been given time to assess the full impact of H.R. 15361, its glaring deficiencies are abundantly obvious. A look at what this bill will mean to the city of Rochester, N.Y., will demonstrate its devastating effects.

The city of Rochester will suffer great financial losses under the bill because of the unfair "hold-harmless" formula and Rochester's past record in successfully competing for Federal funds for community development and housing programs.

For example, the city of Rochester is the 50th largest city in the Nation and has the 13th largest urban renewal program. The Rochester urban renewal program is now in what should be the most active years in terms of construction, having completed a major part of the relocation and demolition phases of most of the projects. At this point in time, there are literally hundreds of acres of land in the central city which are virtual wastelands because of the lack of adequate community development or housing programs.

According to figures which I have obtained, under the formula contained in H.R. 15361, the city of Rochester will receive during the first year of entitlement, $14.6 million to be phased down to $4.5 million in the sixth year of entitlement. This amount is totally inadequate to complete the job which has been started.

The House bill offers very little hope for housing programs because of the minimum funding levels which will further cripple already suffering local housing authorities such as the Rochester Housing Authority which finds itself in dire financial straits because of increasing operation and maintenance costs and decreasing operating subsidy payments.

The penalizing effect this bill will have on cities such as Rochester is one which I cannot live with, however, I will cast a favorable vote on this legislation only because it is headed to conference with an excellent Senate bill. I would take this opportunity to urge those members of the House Committee on Banking and Currency who might be appointed as conferees to enter into this conference in a spirit of compromise even in the face of a threatened Presidential veto.

AMENDMENT OFFERED BY MR. BADILLO

Mr. BADILLO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BADILLO: Page 112, after line 16, insert the following new part (and redesignate the succeeding part and sections accordingly).

PART C—ENCOURAGEMENT OF LOW AND MODERATE INCOME HOUSING

DISCRIMINATION AGAINST LOW OR MODERATE INCOME HOUSING PROHIBITED

SEC. 521. (a) No State or general or special purpose unit of local government (or other agency having official jurisdiction over one or more regions or subareas within a State or States) shall, in the exercise of powers with respect to planning, zoning, subdivision controls, building codes or permits, or other matters affecting land use, prevent the reasonable provision of low and moderate income housing in undeveloped or predominantly undeveloped parts of any community within a metropolitan area as defined in subsection (b), or discriminate in any other way (on the basis of amount, type, location, or otherwise) against low or moderate income housing in any such community.

(b) For purposes of this section, the term "metropolitan area" means any city or municipality having a population of one-hundred thousand or more (as determined on the basis of the most recent decennial census), together with all general or special purpose units of local government located within a fifty-mile radius of such city or municipality (whether or not located within the same State).

(c)(1) If the Attorney General of the

United States, after consultation with the Secretary of Housing and Urban Development, believes that the provisions of subsection (a) have been or are being violated, he may bring a civil action in any appropriate United States district court to enforce compliance with such provisions.

(2) Any person who would be assisted (financially or otherwise) in obtaining suitable housing, or would derive any other benefit, direct or indirect, by or from the provision of low or moderate income housing (or additional low or moderate income housing) in any community within a metropolitan area as defined in subsection (b), and who believes that the provisions of subsection (a) have been or are being violated with respect to such community in a way which effectively deprives him of such assistance or benefit, may bring a civil action in any appropriate United States district court without regard to the amount in controversy, or in any appropriate State or local court of general jurisdiction, to enforce compliance with such provisions or obtain other equitable or preventive relief under this section, and may request such relief in any court whenever relevant in connection with a defense to any suit or action brought against such person in that court.

PRIORITY IN FEDERAL ASSISTANCE FOR COMMUNITIES WHICH INCLUDE LOW AND MODERATE INCOME HOUSING IN THEIR DEVELOPMENT PLANS

SEC. 522. In the administration of or the planning of projects or facilities to which Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 applies, and in the administration of the Federal programs of mortgage insurance and loan guarantees under the National Housing Act and under chapter 37 of title 38, United States Code, a priority shall be given (as provided in subsection (b)) to applications made with respect to property located within the jurisdiction or boundaries of any general or special purpose unit of local government in a metropolitan area as defined in subsection (d) (or other agency having official jurisdiction over one or more regions or subareas, including at least one metropolitan area as so defined, within a State or States) which has drawn up, submitted, and had approved by the Secretary of Housing and Urban Development, or which is subject to the jurisdiction of an areawide agency that exercises powers with respect to planning, zoning, subdivision controls, building codes or permits, or other matters affecting land use in the area which such unit or agency represents and has drawn up, submitted, and had approved by the Secretary of Housing and Urban Development, a plan or plans—

(1) specifically providing for the inclusion of low and moderate income housing in the areas within the jurisdiction of such unit or agency that are undeveloped or predominantly undeveloped but that are in the path of development, in a manner consistent with any local comprehensive or master planning for such areas; and

(2) providing, with respect to the areas within the jurisdiction of such unit or agency in which little or no vacant land is available for low and moderate income housing because of existing density and land use, for compensatory arrangements with other localities within the same metropolitan area still having available vacant land for the construction of low and moderate income housing in those localities, so that no metropolitan area (as defined in subsection (d)) will be left without a proportionate and well-distributed number of units of low and moderate income housing.

Any plan or compensatory arrangement described in the preceding sentence shall be designed to avoid the concentration of low and moderate income housing within any fixed geographical boundaries in any metropolitan area; and any unit or agency which enters into a compensatory arrangement with another locality or localities for the provision of low and moderate income housing because its current density and land use precludes the construction of additional low and moderate income housing within its boundaries shall, when currently used sites become vacant, make every effort to include such housing within its boundaries.

(b) Each unit or agency which draws up a plan or enters into an arrangement under subsection (a) shall submit such plan or ararngement to the Secretary of Housing and Urban Development for his approval. Upon such approval, all officers and agencies of the United States shall give priority, including all possible special consideration and preference, to any applications submitted by such unit or agency for assistance under any Federal law or program in connection with the construction or development of housing, the carrying out of open-space or urban development projects, the planning or construction of hospitals, airports, libraries, water supply or distribution facilities, sewerage facilities or waste treatment works, highways, transportation facilities, law enforcement facilities, or water development or land conservation projects, or the planning or carrying out of any other urban or areawide development programs or projects, with emphasis upon the development of a sufficiently stable neighborhood possessing an adequate level of amenities for all residents of the area or areas involved.

(c) (1) No plan described in subsection (a) shall be approved by the Secretary unless it is accompanied by satisfactory assurances that all low and moderate income housing constructed in accordance therewith, other than housing which (under applicable State or local law) is specifically exempt from tax or subject to tax only in reduced amounts or at reduced rates, will pay its full share of any local real estate taxes which are generally applicable to housing of the type involved.

(2) Where any of the housing involved is low-rent public housing which is exempt from real and personal property taxes levied or imposed by the State, city, county, or other political subdivision in which the project is located, the plan may be approved only if the public housing agency having jurisdiction over the project is required to make payments in lieu of taxes with respect to the project and the amount of such payments is increased by not less than 10 per centum each year until such time (not later than ten years after the first such increased payment) as the amount of such payments equals the full amount of such taxes which would be paid with respect to the project except for the exemption. Notwithstanding any other provision of law, the Secretary may cause or permit any contract for annual contributions which may be outstanding with respect to the project to be amended in order to conform with the provisions of this paragraph, and, if conformity with such provisions would require an increase in the annual contributions payable with respect to the project, may provide for such increase in the amendment.

(d) For purposes of this section, the term "metropolitan area" means any city or municipality having a population of one hundred thousand or more (as determined on the basis of the most recent decennial census), together with all general or special purpose units of local government located within a fifty-mile radius of such city or municipality (whether or not located within the same State).

(e) The Secretary shall upon request provide appropriate technical assistance to any unit or agency developing a plan or entering into an arrangement as described in subsection (a).

(f) (1) For purposes of this part, income levels and the definition of low and moderate income housing shall be determined by the Secretary on the basis of low and moderate income budgets published for the respective areas involved by the Bureau of Labor Statistics in the Department of Labor, with such adjustments as the Secretary may consider necessary in order to allow for variations and special circumstances within such areas.

(2) The determination of what may constitute a proportionate number of units of low and moderate income housing for any area shall be made by the Secretary on the basis of figures developed by the Bureau of the Census showing the number of low and moderate income families within such area, and shall take into consideration the housing presently available within such area for such families.

Mr. BADILLO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BADILLO. Mr. Chairman, during the general debate the gentleman from Louisiana said that the value of this housing bill was that it provided for housing in the urban areas of this country and in the rural areas of this country.

The purpose of this amendment is to see to it that this housing bill also provides for housing in the suburban areas of the country, because we are deluding ourselves if we think that the suburban areas are going to be affected so long as it is possible for local executives and local zoning boards to prevent the building of low- and moderate-income housing in those areas.

Therefore this amendment provides that no suburban area within 50 miles of an urban center should be allowed to zone in such a way as to prevent the building of low- or moderate-income housing. This is because many areas need to have additional facilities as well as housing and they need to have schools and hospitals and sewers and parks.

This amendment provides, also, the suburban area which undertakes to provide for the building of low- and moderate-income housing will be able to get priority in its applications for the needed community improvements.

This amendment is necessary if we are going to insure that this housing bill will indeed affect every section of the country.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment. First, this amendment, which is lengthy and complex, was introduced by the gentleman only 3 days ago. It was printed in the CONGRESSIONAL RECORD of June 17 without explanation. I must object to considering such a far-reaching amendment—which prohibits a whole range of local actions and grants priorities in many Federal programs—without more extensive consideration.

Second, I think it is very unwise for the Federal Government to try to enact a blanket prohibition against discriminatory zoning laws and building codes. Many of these laws have been successfully challenged in recent years and courts are developing a body of law to deal with these laws in a manner which balances the rights of localities with the constitutional protection of the 14th amendment.

Finally, I much prefer the approach to this subject taken by title I of this bill, which requires all applications for community development funds to submit housing assistance plans. If the gentleman wishes to move forward in this area, I believe he will find the bill's provisions in this area most significant.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BADILLO).

The amendment was rejected.

The CHAIRMAN. Are there additional amendments to title V?

AMENDMENT OFFERED BY MR. O'HARA

Mr. O'HARA. Mr. Chairman, I have an amendment which I offer at the end of title V.

The Clerk read as follows:

Amendment offered by Mr. O'HARA: After the period at the end of title V, insert: Participation by a unit of local government in any program authorized by this act shall not be affected in any way by such unit's membership or nonmembership in a regional planning organization or council of governments.

Mr. O'HARA. Mr. Chairman, my amendment does not change any requirement of the act that local projects be consistent with a comprehensive regional plan. However, we have had a problem in some of the metropolitan areas of this country where, if a local unit of the government applied to participate in a program, even if that program was consistent with the regional plan, the local unit of government was denied the opportunity to participate because they were not members of their local regional planning organization.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, I would ask the gentleman from Michigan what effect does this have on the comprehensive area-wide plan?

Mr. O'HARA. It would have no effect whatsoever, units of local government would still have to comply with the comprehensive areawide plan, but they would not necessarily have to be members of the Regional Planning Organization or the local Council of Governments.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Ohio.

Mr. ASHLEY. This is not an effort, then, to obviate the A 95 review process?

Mr. O'HARA. No, it is not an effort to get rid of the review process. Nonmember units of local government might have to pay some kind of a fee to the regional planning organization for review of their proposal to make sure that it was consistent with the regional plan, but they would not be required to be members, as the department has required in several instances.

Mr. ASHLEY. I must say that I am not familiar with any provision of the act which requires membership.

Mr. O'HARA. Neither am I, and I have insisted to the department that there is no such requirement in the law, but they have nevertheless persisted in this policy, even though they have been unable to show me the statutory provisions justifying their action.

All I want to do is to establish that there is no such statutory requirement. I do not believe there has ever been any such requirement in the law, but, nevertheless, HUD has imposed such a requirement on several communities in my part of the country.

Mr. ASHLEY. I am really sorry that this had not been brought to the attention of the subcommittee during its deliberations, because, clearly, at that time, we could have addressed ourselves to it. Frankly—and it is not strange—we are operating a little in the dark on this.

While the gentleman is a very good friend of mine, and I would like to accept his amendment, I really in good conscience cannot do so because I do not know enough about it.

Mr. O'HARA. Let me simply say, to my friend from Ohio, that the amendment, in the words of a beloved former Member, "speaks for itself."

Mr. ASHLEY. Maybe I am not listening, because it did not get through to me.

Mr. O'HARA. All it says is that membership or nonmembership in the Regional Planning Organization or the Local Council of Governments shall not affect the right of a local unit of government to participate in a program authorized by this act. They still have to comply with all of the requirements of the act with respect to being consistent with the regional plan, but they need not be members of the Local Council of Governments if they choose not to be.

Mr. Chairman, I ask that the amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. O'HARA).

The amendment was agreed to.

The CHAIRMAN. Are there additional amendments to title V? If not, the Clerk will read.

The Clerk read as follows:

TITLE VI—CONSUMER HOME MORTGAGE ASSISTANCE

SHORT TITLE

SEC. 600. This title may be cited as the "Consumer Home Mortgage Assistance Act of 1974".

PART A—LENDING AND INVESTMENT POWERS, FEDERAL SAVINGS AND LOAN ASSOCIATIONS

CONSTRUCTION LOANS

SEC. 601. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest an amount, not exceeding the greater of (i) the sum of its surplus, undivided profits, and reserves or (ii) 5 per centum of its assets, in loans or in interests therein the principal purpose of which is to provide financing with respect to what is or is expected to become primarily residential real estate within one hundred miles of their home office or within the State in which such office is located where (i) the association relies substantially for repayment on the borrower's general credit standing and forecast of income, with or without other security, or (ii) the association relies on other security as collateral for the loans, including but not limited to a guaranty or similar obligation of a third party, and in either case described in clause (i) or (ii) immediately preceding, regardless of whether or not the assocation takes a security interest in real estate (whether or not constituting a first lien) as additional protection."

SINGLE FAMILY DWELLING LIMITATIONS

SEC. 602. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by striking out "$45,000" immediately before "for each single family dwelling" and inserting in lieu thereof "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board, be increased by not to exceed 50 per centum)"; and by inserting immediately after "upon improved real estate without regard to the foregoing limitations" the following: "but (of said last mentioned 20 per centum) the amount deemed to be loaned in transactions which, except for excess in amount, would be eligible for such association under provisions of this sentence (other than this exception) or under the next following sentence shall be only the outstanding amount of such excess.".

LENDING AUTHORITY UNDER THE HOME OWNERS' LOAN ACT

SEC. 603. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended by section 601 of this Act, is amended by adding at the end thereof the following new paragraph:

"Subject to such prohibitions, limitations, and conditions as the Board may prescribe, any such association may invest in loans and advances of credit and interests therein upon the security of or respecting real property or interests therein used for primarily residential purposes (all of which may be defined by the Board) that do not comply with the limitations and restrictions in this subsection, but no investment shall be made by an association under this sentence if its aggregate outstanding investment under this sentence determined as prescribed by the Board, exclusive of any investment which is or at the time of its making was otherwise authorized, would thereupon exceed 10 per centum of its assets.".

AMENDMENT TO THE HOME OWNERS' LOAN ACT OF 1933 CONCERNING PROPERTY IMPROVEMENT LOANS

SEC. 604. The second and third undesignated paragraphs of section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) are amended by striking out "$5,000" and inserting in lieu thereof "$10,000".

AMENDMENT TO TITLE IV OF THE NATIONAL HOUSING ACT CONCERNING ASSET REQUIREMENTS OF INSURED INSTITUTIONS

SEC. 605. The third sentence of section 403 (b) of the National Housing Act (12 U.S.C. 1726(b)) is amended by striking out "twenty years" in the first proviso and inserting in lieu thereof "thirty years", and by striking out the second proviso.

PART B—NATIONAL BANKS

REAL ESTATE LOANS BY NATIONAL BANKS

SEC. 611. Section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended to read as follows:

"REAL ESTATE LOANS BY NATIONAL BANKS

"SEC. 24. (a) (1) Any national banking association may make real estate loans secured by liens upon unimproved real estate, upon improved real estate, including improved farmland and improved business and residential properties, and upon real estate to be improved by a building or buildings to be constructed or in the process of construction, in an amount which when added to the amount unpaid upon prior mortgages, liens, encumbrances, if any, upon such real estate does not exceed the respective proportions of appraised value as provided in this section. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument, which shall constitute a lien on real estate in fee or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least ten years beyond the maturity date of the loan, and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such per centum of the appraised value if such loan hereafter made shall not exceed 66⅔ per centum of the appraised value if such real estate is unimproved, 75 per centum of the appraised value if such real estate is improved by offsite improvements such as streets, water, sewers, or other utilities, 75 per centum of the appraised value if such real estate is in the process of being improved by a building or building to be constructed or in the process of construction, or 90 per centum of the appraised value if such real estate is improved by a building or buildings. If any such loan exceeds 75 per centum of the appraised value of the real estate or if the real estate is improved with a one- to four-family dwelling, installment payments shall be required which are sufficient to amortize the entire principal of the loan within a period of not more than thirty years.

"(2) The limitations and regulations set forth in paragraph (1) shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans (A) which are insured under the provisions of the National Housing Act, (B) which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act of August 28, 1937, as amended, or title V of the Housing Act of 1949, as amended, or (C) which are guaranteed by the Secretary of Housing and Urban Development for the payment of the obligations of which the full faith and credit of the United States is pledged, and such limitations and restrictions shall not apply to real estate loans which are fully guaranteed or insured by a State, or any agency or instrumentality thereof, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the association will be assured of repayment in accordance with the terms of the loan, or to any loan at least 20 per centum of which is guaranteed under chapter 37 of title 38, United States Code.

"(3) Loans which are guaranteed or insured as described in paragraph (2) shall not be taken into account in determining the amount of real estate loans which a national banking association may make in relation to its capital and surplus or its time and savings deposits or in determining the amount of real estate loans secured by other than first liens. Where the collateral for any loan consists partly of real estate security and partly of other security, including a guaranty or endorsement by or an obligation or commitment of a person other than the borrower, only the amount by which the loan exceeds the value as collateral of such other security shall be considered a loan upon the security of real estate, and in no event shall a loan be considered as a real estate loan where there is a valid and binding agreement entered into by a financially responsible lender or other party either directly with the association or which is for the benefit of or has been assigned to the association and pursuant to which agreement the lender or other party is required to advance to the association within sixty months from the date of the making of said loan the full amount of the loan to be made by the association upon the security of real estate. Except as otherwise provided, no such association shall make real estate loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of the amount of its time and savings deposits, whichever is greater: *Provided*, That the amount unpaid upon real estate loans secured by other than first liens when added to the amount unpaid upon prior mortgages, liens, and encumbrances shall not exceed in an aggregate sum 20 per centum of the amount of the capital stock of such association paid in and unimpaired plus 20 per centum of the amount of its unimpaired surplus fund.

"(b) Any national banking association may make real estate loans secured by liens upon forest tracts which are properly managed in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such loan, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, shall not exceed 66⅔ per centum of the appraised fair market value of the growing timber, lands, and improvements thereon offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, exceed 66⅔ per centum of the original appraised total value of the property then remaining. No such loan shall be made for a longer term than three years; except that any such loan may be made for a term not longer than fifteen years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the principal of the loan within a period of not more than fifteen years and at a rate of at least 6⅔ per centum per annum. All such loans secured by liens upon forest tracts shall be included in the permissible aggregate of all real estate loans and, when secured by other than first liens, in the permissible aggregate of all real estate loans secured by other than first liens, prescribed in subsection (a), but no national banking association shall make forest tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.

"(c) Loans made to finance the construction of a building or buildings and having maturities of not to exceed sixty months where there is a valid and binding agreement entered into by a financially responsible lender or other party to advance the full amount of the bank's loan upon completion of the building or buildings, and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed sixty months, may be considered as real estate loans if the loans qualify under this section, or such loans may be classed as commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed at the option of each national banking association that may have an interest in such loans: *Provided*, That no national banking association shall invest in, or be liable on, any such loans classed as commercial loans under this subsection in an aggregate amount in excess of 100 per centum of its actually paid-in and unimpaired capital plus 100 per centum of its unimpaired surplus fund.

"(d) Notes representing loans made under this section to finance the construction of residential or farm buildings and having maturities of not to exceed nine months shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of this Act if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank.

"(e) Loans made to any borrower (i) where the association looks for repayment by relying primarily on the borrower's general credit standing and forecast of income, with or without other security, or (ii) secured by an assignment of rents under a lease, and where, in either case described in clause (i) or (ii) above, the association wishes to take a mortgage, deed of trust, or other instrument upon real estate (whether or not constituting a first lien) as a precaution against contingencies, and loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred or guaranteed basis under the Small Business Act shall not be considered as real estate loans within the meaning of this section but shall be classed as commercial loans.

"(f) Any national banking association may make loans upon the security of real estate that do not comply with the limitations and restrictions in this section, if the total unpaid amount loaned, exclusive of loans which subsequently comply with such limitations and restrictions, does not exceed 10 per centum of the amount that a national banking association may invest in real estate loans. The total unpaid amount so loaned shall be included in the aggregate sum that such association may invest in real estate loans.

"(g) Loans made pursuant to this section shall be subject to such conditions and limitations as the Comptroller of the Currency may prescribe by rule or regulation.".

PART C—FEDERAL CREDIT UNIONS

LENDING AUTHORITY AND DEPOSITORY AUTHORITY

SEC. 621. (a) Paragraph (6) of section 107 of the Federal Credit Union Act (12 U.S.C. 1757(6)) is amended to read as follows:

"(6) to make loans to its own directors and to members of its own supervisory credit committee provided that any such loan or aggregate of loans to one director or committee member which exceeds $2,500 plus pledged shares, must be approved by the board of directors and to permit directors and members of its own supervisory or credit committee to act as guarantor or endorser of loans to other members, except when such a loan standing alone or when added to any

outstanding loan or loans of the guarantor exceeds $2,500, approval by the board of directors is required;".

(b) Paragraph (9) of such section is amended by inserting immediately before the semicolon at the end thereof the following: ", and for Federal credit unions or credit unions authorized by the Department of Defense operating suboffices on American military installations in foreign countries or trust territories of the United States to maintain demand deposit accounts in banks located in those countries or trust territories subject to such regulations as may be issued by the Administrator and provided such banks are correspondents of banks described in this paragraph".

FEES

SEC. 622. The first sentence of section 109 of the Federal Credit Union Act (12 U.S.C. 1759) is amended by striking out "the entrance fee" and inserting in lieu thereof "a uniform entrance fee if required by the board of directors".

DIRECTORS

SEC. 623. (a) The third sentence of section 113 of the Federal Credit Union Act (12 U.S.C. 1761b) is amended by inserting ", except that the board may designate a committee of not less than two to act as an investment committee, such investment committee to have charge of making investments under rules and procedures established by the board of directors" immediately after "have charge of investments other than loans to members".

(b) The fourth sentence of such section is amended by striking out "act for it in the purchase and sale of securities, the borrowing of funds, and making of loans to other credit unions" and inserting in lieu thereof "exercise such authority as may be delegated to it subject to such conditions and limitations as may be prescribed by the board".

(c) The fifth sentence of such section is amended by striking out "a membership officer" and inserting in lieu thereof "one or more membership officers".

(d) Such section is amended by adding at the end thereof the following new sentence: "If a membership application is denied, the reasons therefor shall be furnished in writing to the person whose application is denied, upon written request.".

CREDIT COMMITTEE

SEC. 624. Section 114 of the Federal Credit Union Act (12 U.S.C. 1761c) is amended to read as follows:

"CREDIT COMMITTEE

"SEC. 114. The credit committee shall hold such meetings as the business of the Federal credit union may require and not less frequently than once a month to consider applications for loans and loan plans offered in accordance with regulations promulgated by the Administrator. Reasonable notice of such meetings shall be given to all members of the committee. No loan or loan plan shall be made unless it is approved by a majority of the committee who are present at the meeting at which the application is considered; except that the credit committee may appoint one or more loan officers, and delegate to him or them the power to approve loans and loan plans. Each loan officer shall furnish to the credit committee a record of each loan and loan plan approved or not approved by him within seven days of the date of the filing of the application therefor. All loans and loan plans not approved by a loan officer shall be acted upon by the credit committee. No individual shall have the authority to disburse funds of the Federal credit union for any loan or loan plan which has been approved by him in his capacity as a loan officer. Not more than one member of the credit committee may be appointed as a loan officer. Applications for loans and loan plans shall be made on forms prepared by such committee, which shall set forth the purpose for which the loan or plan is desired, the security, if any, and such other data as may be required. No loan or loan plan which is not adequately secured may be made to any member, if, upon the making of that loan or loan plan, the member would be indebted to the Federal credit union upon loans or loan plans made to him in an aggregate amount which, in the case of a credit union whose unimpaired capital and surplus is less than $8,000, would exceed $200, or which, in the case of any other credit union, would exceed 2½ per centum of its unimpaired capital and surplus. No loan or loan plan may be made to any member if, upon the making of that loan or loan plan, the member would be indebted to the Federal credit union upon loans or loan plans made to him in an aggregate amount which would exceed $200 or 10 per centum of the credit union's unimpaired capital and surplus, whichever is greater. For the purposes of this section an assignment of shares or the endorsement of a note shall be deemed security and subject to such regulations as the Administrator may prescribe, insurance obtained under title I of the National Housing Act shall be deemed adequate security.".

SUPERVISORY COMMITTEES

SEC. 625. Section 115 of the Federal Credit Union Act (12 U.S.C. 1761d) is amended by striking out "a semi-annual" and inserting in lieu thereof "an annual".

DIVIDENDS

SEC. 626. (a) The first sentence of section 117 of the Federal Credit Union Act (12 U.S.C. 1763) is amended by striking out "Annually, semiannually, or quarterly, as lieu thereof "At such intervals as the board of directors may authorize".

(b) The last sentence of such section is amended by striking out "for a monthly" and by striking out "which are or become fully paid up during the first ten days of that month" and inserting in lieu thereof "as authorized by the board of directors".

APPLICABILITY

SEC. 627. Section 126 of the Federal Credit Union Act (12 U.S.C. 1772) is amended by inserting immediately after "the several territories" the following: ", including the trust territories,".

DEFINITION OF MEMBERS ACCOUNTS

SEC. 628. Section 202(h) of the Federal Credit Union Act (12 U.S.C. 1782(h)) is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (2) the following new paragraph:

"(3) the term 'members accounts' when applied to the premium charge for insurance of the accounts of federally insured credit unions shall not include amounts in excess of the insured account limit set forth in section 207(c)."

TERMINATION

SEC. 629. (a) Section 206(a) of the Federal Credit Union Act (12 U.S.C. 1786(a)) is amended to read as follows:

"(a)(1) Any insured credit union other than a Federal credit union may, upon not less than ninety days' written notice to the Administrator and upon the affirmative vote of a majority of its members within one year prior to the giving of such notice, terminate its status as an insured credit union.

"(2) Any insured credit union, other than a Federal credit union, which has obtained a new certificate of insurance from a corporation authorized and duly licensed to insure member accounts may upon not less than ninety days' written notice to the Administrator convert from status as an insured credit union under this Act: *Provided,* That at the time of giving notice to the Administrator the provisions of paragraph (b)(1) of this section are not being invoked against the credit union.".

(b) The first sentence of section 206(c) of such Act is amended by inserting "(1)" immediately after "(a)".

(c) Section 206(d) of such Act is amended by inserting "(1)" immediately after "(d)", and by adding at the end thereof the following new paragraphs:

"(2) No credit union shall convert from status as an insured credit union under this Act as provided under subsection (a)(2) of this section until the proposition for such conversion has been approved by a majority of all the directors of the credit union, and by affirmative vote of a majority of the members of the credit union who vote on the proposition. Following approval by the directors, written notice of the proposition and of the date set for the membership vote shall be delivered in person to each members, or mailed to each member at the address for such member appearing on the records of the credit union, not more than thirty nor less than seven days prior to such date. The membership shall be given the opportunity to vote by mail ballot. If the proposition is approved by the membership, prompt and reasonable notice of insurance conversion shall be given to all members.

"(3) In the event of a conversion of a credit union from status as an insured credit union under this Act as provided under subsection (a)(2) of this section, premium charges payable under section 202(c) of this Act shall be reduced by an amount proportionate to the number of calendar months for which the converting credit union will no longer be insured under this Act. As long as a converting credit union remains insured under this Act, it shall remain subject to all of the provisions of chapter II of this Act.".

LIQUIDATION

SEC. 630. Section 208(a)(1) of the Federal Credit Union Act (12 U.S.C. 1788(a)(1)) is amended to read as follows:

"(1) In order to reopen a closed insured credit union or in order to prevent the closing of an insured credit union which the Administrator has determined is in danger of closing or in order to assist in the voluntary liquidation of a solvent credit union, the Administrator, in his discretion, is authorized to make loans to, or purchase the assets of, or establish accounts in such insured credit union upon such terms and conditions as he may prescribe. Except with respect to the voluntary liquidation of a solvent credit union, such loans shall be made and such accounts shall be established only when, in the opinion of the Administrator, such action is necessary to protect the fund or the interests of the members of the credit union."

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that title VI be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Are there amend-

ments to title VI? If not, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 15361) to establish a program of community development block grants, to amend and extend laws relating to housing and urban development, and for other purposes, pursuant to House Resolution 1182, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. PATMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 351, noes 25, answered "present" 1, not voting 56, as follows:

[Roll No. 312]

AYES—351

Abdnor	Burke, Fla.	Dickinson
Abzug	Burke, Mass.	Diggs
Adams	Burlison, Mo.	Dingell
Addabbo	Burton	Donohue
Alexander	Butler	Downing
Anderson, Ill.	Byron	Drinan
Andrews, N.C.	Camp	Dulski
Andrews, N. Dak.	Carney, Ohio	Duncan
	Carter	du Pont
Annunzio	Cederberg	Eckhardt
Ashley	Chamberlain	Edwards, Calif.
Aspin	Chappell	Eilberg
Badillo	Chisholm	Erlenborn
Bafalis	Clancy	Eshleman
Baker	Clark	Evans, Colo.
Barrett	Clausen, Don H.	Evins, Tenn.
Bauman		Fascell
Beard	Clawson, Del	Findley
Bell	Clay	Fish
Bennett	Cleveland	Fisher
Bergland	Cochran	Flood
Bevill	Cohen	Flowers
Biaggi	Collier	Foley
Biester	Collins, Ill.	Ford
Bingham	Collins, Tex.	Forsythe
Blackburn	Conable	Fountain
Blatnik	Conte	Fraser
Boggs	Conyers	Frelinghuysen
Boland	Corman	Frenzel
Bolling	Cotter	Frey
Bowen	Coughlin	Froehlich
Brademas	Cronin	Fulton
Bray	Culver	Fuqua
Breaux	Daniel, Dan	Gaydos
Breckinridge	Daniel, Robert W., Jr.	Gettys
Brinkley		Gibbons
Brooks	Danielson	Gilman
Broomfield	Davis, Wis.	Ginn
Brotzman	de la Garza	Goldwater
Brown, Calif.	Delaney	Grasso
Brown, Mich.	Dellenback	Gray
Brown, Ohio	Dellums	Green, Oreg.
Broyhill, N.C.	Denholm	Green, Pa.
Buchanan	Dent	Gubser
Burke, Calif.	Derwinski	Gude
Guyer	Meeds	Selberling
Haley	Melcher	Shipley
Hamilton	Metcalfe	Shoup
Hammer-schmidt	Mezvinsky	Shriver
	Milford	Sikes
Hanley	Minish	Sisk
Hanna	Mink	Skubitz
Hansen, Idaho	Mitchell, Md.	Slack
Harrington	Mizell	Smith, Iowa
Harsha	Moakley	Smith, N.Y.
Hays	Moorhead, Calif.	Snyder
Hechler, W. Va.		Spence
Heckler, Mass.	Moorhead, Pa.	Staggers
Heinz	Morgan	Stanton, J. William
Helstoski	Mosher	
Hicks	Moss	Stanton, James V.
Hillis	Murphy, Ill.	
Hinshaw	Murphy, N.Y.	Stark
Hogan	Murtha	Steed
Holifield	Myers	Steele
Holt	Natcher	Steelman
Holtzman	Nedzi	Steiger, Wis.
Horton	Nix	Stephens
Huber	Obey	Stokes
Hudnut	O'Brien	Stratton
Hungate	O'Hara	Stubblefield
Hunt	O'Neill	Studds
Hutchinson	Owens	Sullivan
Jarman	Parris	Symington
Johnson, Calif.	Passman	Talcott
Johnson, Colo.	Patman	Taylor, Mo.
Johnson, Pa.	Patten	Taylor, N.C.
Jones, Ala.	Pepper	Thomson, Wis.
Jones, N.C.	Perkins	Thone
Jones, Okla.	Pettis	Thornton
Jones, Tenn.	Peyser	Tiernan
Jordan	Pickle	Towell, Nev.
Karth	Pike	Traxler
Kastenmeier	Poage	Treen
Kazen	Preyer	Udall
Kemp	Price, Ill.	Ullman
Ketchum	Price, Tex.	Van Deerlin
King	Pritchard	Vander Jagt
Kluczynski	Quie	Vander Veen
Koch	Railsback	Vanik
Kuykendall	Randall	Veysey
Kyros	Rangel	Vigorito
Lagomarsino	Rees	Waggonner
Latta	Regula	Waldie
Leggett	Reid	Walsh
Lehman	Reuss	Wampler
Lent	Rinaldo	Ware
Litton	Roberts	White
Long, La.	Robinson, Va.	Whitehurst
Long, Md.	Robison, N.Y.	Whitten
Lott	Rodino	Widnall
Lujan	Roe	Wilson, Bob
Luken	Rogers	Wilson, Charles, Tex.
McClory	Roncallo, N.Y.	
McCloskey	Rooney, Pa.	Winn
McCollister	Rosenthal	Wolff
McCormack	Rostenkowski	Wright
McDade	Roush	Wyatt
McEwen	Roy	Wydler
McFall	Roybal	Wylie
McKinney	Runnels	Yates
Madden	Ruth	Yatron
Madigan	St Germain	Young, Fla.
Mallary	Sarasin	Young, Ga.
Mann	Sarbanes	Young, S.C.
Maraziti	Satterfield	Young, Tex.
Martin, N.C.	Scherle	Zablocki
Mathis, Ga.	Schneebeli	Zion
Mayne	Schroeder	Zwach
Mazzoli	Sebelius	

NOES—25

Archer	Goodling	Powell, Ohio
Armstrong	Gross	Rarick
Burleson, Tex.	Hanrahan	Roncalio, Wyo.
Casey, Tex.	Landrum	Rousselot
Conlan	McKay	Shuster
Dennis	Mahon	Steiger, Ariz.
Flynt	Martin, Nebr.	Whalen
Giaimo	Miller	
Gonzalez	Montgomery	

ANSWERED "PRESENT"—1

Grover

NOT VOTING—56

Anderson, Calif.	Dorn	McSpadden
	Edwards, Ala.	Macdonald
Arends	Esch	Mathias, Calif.
Ashbrook	Griffiths	Matsunaga
Brasco	Gunter	Michel
Broyhill, Va.	Hansen, Wash.	Mills
Burgener	Hastings	Minshall, Ohio
Carey, N.Y.	Hawkins	Mitchell, N.Y.
Crane	Hébert	Mollohan
Daniels, Dominick V.	Henderson	Nelsen
	Hosmer	Nichols
Davis, Ga.	Howard	Podell
Davis, S.C.	Ichord	Quillen
Devine	Landgrebe	Rhodes
Riegle	Stuckey	Wilson, Charles H., Calif.
Rooney, N.Y.	Symms	
Rose	Teague	
Ruppe	Thompson, N.J.	Wyman
Ryan	Wiggins	Young, Alaska
Sandman	Williams	Young, Ill.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mrs. Hansen of Washington.

Mr. Hébert with Mr. McSpadden.

Mr. Rooney of New York with Mr. Mills.

Mr. Dominick V. Daniels with Mr. Young of Alaska.

Mr. Riegle with Mr. Young of Illinois.

Mr. Brasco with Mr. Wyman.

Mr. Howard with Mr. Arends.

Mr. Carey of New York with Mr. Wiggins.

Mr. Mollohan with Mr. Quillen.

Mr. Teague with Mr. Ashbrook.

Mr. Macdonald with Mr. Landgrebe.

Mr. Nichols with Mr. Esch.

Mr. Davis of Georgia with Mr. Hosmer.

Mr. Rose with Mr. Minshall of Ohio.

Mr. Matsunaga with Mr. Broyhill of Virginia.

Mr. Anderson of California with Mr. Michel.

Mr. Davis of South Carolina with Mr. Ruppe.

Mr. Ryan with Mr. Crane.

Mr. Gunter with Mr. Mathias of California.

Mr. Hawkins with Mr. Mitchell of Maryland.

Mr. Ichord with Mr. Devine.

Mr. Rodell with Mr. Nelsen.

Mr. Stuckey with Mr. Edwards of Alabama.

Mr. Charles H. Wilson of California with Mr. Sandman.

Mr. Dorn with Mr. Symms.

Mrs. Griffiths with Mr. Hastings.

Mr. Henderson with Mr. Williams.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 1182, the Committee on Banking and Currency is discharged from further consideration of the bill S. 3066 to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. PATMAN

Mr. PATMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PATMAN moves to strike out all after the enacting clause of the bill (S. 3066) and insert in lieu thereof the provisions of H.R. 15361, as passed, as follows:

That this Act may be cited as the "Housing and Urban Development Act of 1974".

TITLE I—COMMUNITY DEVELOPMENT BLOCK GRANTS

PURPOSE

SEC. 101. It is the purpose of this title to further the development of a national urban growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid which—

(1) provides assistance on an annual basis, with maximum certainty and minimum delay, upon which communities can rely in their planning;

(2) encourages community development activities which are consistent with com-

prehensive local and areawide development planning;

(3) furthers achievement of the national housing goal of a decent home and a suitable living environment for every American family; and

(4) fosters the undertaking of housing and community development activities in a coordinated and mutually supportive manner.

DEFINITIONS

SEC. 102. (a) As used in this title—

(1) The term "unit of general local government" means any city, county, town, township, parish, village, or other general purpose political subdivision of a State or of Guam, the Virgin Islands, or American Samoa; a combination of such political subdivisions recognized by the Secretary; the District of Columbia; the Trust Territory of the Pacific Islands; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States. Such term also includes a State or a local public body or agency as defined in section 711 of the Housing and Urban Development Act of 1970, a community association, or other entity which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 712 of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968.

(2) The term "State" means any State of the United States, or instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.

(3) The term "metropolitan area" means a standard metropolitan statistical area, as established by the Office of Management and Budget.

(4) The term "metropolitan city" means (A) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (B) any other city, within a metropolitan area, which has a population of fifty thousand or more.

(5) The term "city" means (A) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census.

(6) The term "urban county" means any county within a metropolitan area which (A) is authorized under State law to undertake essential community development and housing assistance activities in its unincorporated areas, if any, which are not units of general local government, and (B) has a combined population of two hundred thousand or more (excluding the population of metropolitan cities therein) in such unincorporated areas and in its included units of general local government (i) in which it has authority to undertake essential community development and housing assistance activities and which do not elect to have their population excluded or (ii) with which it has entered into cooperation agreements to undertake or to assist in the undertaking of essential community development and housing assistance activities.

(7) The term "population" means total resident population based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(8) The term "extent of poverty" means the number of persons whose incomes are below the poverty level. Poverty levels shall be determined by the Secretary pursuant to criteria provided by the Office of Management and Budget, taking into account and making adjustments, if feasible and appropriate and in the sole discretion of the Secretary, for regional or area variations in income and cost of living, and shall be based on data referable to the same point or period in time.

(9) The term "extent of housing overcrowding" means the number of housing units with 1.01 or more persons per room based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(10) The term "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(11) The term "program period" means the period beginning January 1, 1975, and ending June 30, 1975, and the period covering each fiscal year thereafter.

(12) The term "Secretary" means the Secretary of Housing and Urban Development.

(b) Where appropriate, the definitions in subsection (a) shall be based on the most recent data compiled by the United States Bureau of the Census and the latest published reports of the Office of Management and Budget available ninety days prior to the beginning of each fiscal year. The Secretary may by regulation change or otherwise modify the meaning of the terms defined in subsection (a) in order to reflect any technical change or modification thereof made subsequent to such date by the United States Bureau of the Census or the Office of Management and Budget.

AUTHORIZATION TO MAKE GRANTS

SEC. 103. (a) The Secretary is authorized to make grants to States and units of general local government to help finance Community Development Programs approved in accordance with the provisions of this title. The Secretary is authorized to incur obligations on behalf of the United States in the form of grant agreements or otherwise in amounts aggregating such sum, not to exceed $8,050,000,000, as may be approved in an appropriation Act. The amount so approved shall become available for obligation on January 1, 1975, and shall remain available until obligated. There are authorized to be appropriated for liquidation of the obligations incurred under this subsection not to exceed $2,450,000,000 prior to July 1, 1975, which amount may be increased to not to exceed an aggregate of $5,100,000,000 prior to July 1, 1976, and to not to exceed an aggregate of $8,050,000,000 prior to July 1, 1977.

(b) In addition to the amounts made available under subsection (a), and for the purpose of facilitating an orderly transition to the program authorized for this title, there is authorized to be appropriated not to exceed $100,000,000 for each of the fiscal years 1975, 1976, and 1977 for grants under this title to units of general local government having urgent community development needs which cannot be met through the operation of the allocation provisions of section 106.

(c) Sums appropriated pursuant to this section shall remain available until expended.

(d) To assure program continuity and orderly planning, the Secretary shall submit to the Congress authorization requests for the fiscal years 1978 through 1980 not later than February 1, 1976.

APPLICATION AND REVIEW REQUIREMENTS

SEC. 104. (a) No grant may be made pursuant to section 106 unless an application shall have been submitted to the Secretary in which the applicant—

(1) identifies community development needs and specifies both short- and long-term community development objectives which have been developed in accordance with areawide development planning and national urban growth policies;

(2) formulates a program which (A) includes the activities to be undertaken to meet its community development needs and objectives, together with the estimated costs and general location of such activities, and (B) takes into account appropriate environmental factors;

(3) submits a housing assistance plan which—

(A) accurately surveys the condition of the housing stock in the community and assesses the housing assistance needs of lower income persons (including elderly and handicapped persons and persons displaced or to be displaced) residing in or expected to reside in the community.

(B) specifies a realistic annual goal for the number of dwelling units or persons to be assisted, including (i) the relative proportion of new, rehabilitated, and existing dwelling units, and (ii) the size and types of housing projects and assistance best suited to the needs of lower income persons in the community, and

(C) indicates the general locations of proposed housing for lower income persons, with the objective of (i) furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible, (ii) promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons and (iii) assuring the availability of public facilities and services adequate to serve proposed housing projects;

(4) provides satisfactory assurances that the program will be conducted and administered in conformity with Public Law 88-352 and Public Law 90-284;

(5) provides satisfactory assurances that, prior to submission of its application, it has (A) provided citizens likely to be affected by proposed community development and housing activities with adequate information concerning the amount of funds available for such activities, the range of activities that may be undertaken, and other important program requirements, (B) held public hearings to obtain the views of such citizens on community development and housing needs, and (C) provided such citizens an adequate opportunity to participate in the development of the application; but no part of this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of the Community Development Program; and

(6) in the case of an applicant which is a metropolitan city or urban county—

(A) outlines a three-year schedule of anticipated program activities and indicates resources other than those provided under this title which are expected to be made available toward meeting its identified needs and objectives;

(B) provides for the periodic reexamination of program methods and objectives as information becomes available on the social, economic, and environmental consequences of program activities; and

(C) describes a program designed to—

(i) eliminate or prevent slums, blight, and deterioration where such conditions or needs exist; and

(ii) provide improved community facilities and public improvements, including the provision of supporting health, social, and similar services where necessary and appropriate.

(b) The Secretary shall approve an application for an amount which does not exceed the amount determined in accordance with section 106(a) unless—

(1) on the basis of significant facts and

data, generally available and pertaining to community and housing needs and objectives, the Secretary determines that the applicant's description of such needs and objectives is plainly inconsistent with such facts or data; or

(2) on the basis of the application, the Secretary determines that the activities to be undertaken are plainly inappropriate to meeting the needs and objectives identified by the applicant pursuant to subsection (a); or

(3) the Secretary determines that the application does not comply with the requirements of this Act or other applicable law or proposes activities which are ineligible under this Act;

except that the Secretary may accept a certification from the applicant that it has complied with the requirements of paragraphs (4), (5), and (6)(B) of subsection (a).

(c) Prior to the beginning of fiscal year 1976 and each fiscal year thereafter, each grantee shall submit to the Secretary a performance report concerning the activities carried out pursuant to this title, together with an assessment by the grantee of the relationship of those activities to the objectives of this title and the needs and objectives identified in the grantee's statement submitted pursuant to subsection (a). The Secretary shall at least on an annual basis make such reviews and audits as may be necessary or appropriate to determine whether the grantee has carried out a program substantially as described in its application, whether that program conformed to the requirements of this title and other applicable laws, and whether the applicant has a continuing capacity to carry out in a timely manner the approved Community Development Program. The Secretary may make appropriate adjustments in the amount of the annual grants in accordance with his findings pursuant to this subsection.

(d) No grant may be made under this title unless the application therefor has been submitted for review and comment to an areawide agency under procedures established by the President pursuant to title II of the Demonstration Cities and Metropolitan Development Act of 1966 and title IV of the Intergovernmental Cooperation Act of 1968.

(e) An application subject to section 104 (b), if submitted after any date established by the Secretary for consideration of applications, shall be deemed approved within sixty days after receipt unless the Secretary informs the applicant of the specific reasons of disapproval. Subsequent to approval of the application, the amount of the grant may be adjusted in accordance with the provisions of this title.

(f) Insofar as they relate to funds provided under this title, the financial transactions of recipients of such funds may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

(g)(1) In order to assure that the policies of the National Environmental Policy Act of 1969 are most effectively implemented in connection with the expenditure of funds under this title, and to assure to the public undiminished protection of the enviroment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for particular projects to applicants who assume all of the responsibilities for environmental review, decision-making, and action pursuant to such Act that would apply to the Secretary were he to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this subsection only after consultation with the Council on Environmental Quality.

(2) The Secretary shall approve the release of funds for projects subject to the procedures authorized by this subsection only if, at least fifteen days prior to such approval and prior to any commitment of funds to such projects other than for purposes authorized by section 105(a)(11) or for environmental studies, the applicant has submitted to the Secretary a request for such release accompanied by a certification which meets the requirements of paragraph (3). The Secretary's approval of any such certification shall be deemed to satisfy his responsibilities under the National Environmental Policy Act insofar as those responsibilities relate to the applications and releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

(3) A certification under the procedures authorized by this subsection shall—

(A) be in a form acceptable to the Secretary,

(B) be executed by the chief executive officer or other officer of the applicant qualified under regulations of the Secretary,

(C) specify that the applicant has fully carried out its responsibilities as described under paragraph (1) of this subsection, and

(D) specify that the certifying officer (i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 insofar as the provisions of such Act apply pursuant to paragraph (1) of this subsection, and (ii) is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

COMMUNITY DEVELOPMENT PROGRAM ACTIVITIES ELIGIBLE FOR ASSISTANCE

SEC. 105. (a) A community development program assisted under this title may include—

(1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, underdeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (C) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (D) to be used for other public purposes;

(2) the acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements—including neighborhood facilities, senior centers, historic properties, utilities, streets, street lights, parking facilities, water and sewer facilities, solid waste disposal facilities, flood and drainage facilities, foundations and platforms for air rights sites, pedestrian malls, and walkways, parks, and playgrounds;

(3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area;

(4) clearance, demolition, removal, and rehabilitation of buildings and improvements (including financing rehabilitation of privately owned properties when incidental to other activities);

(5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by program activities under this title;

(7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

(8) provision of health, social, counseling, training, economic development, and similar services necessary to support other approved activities assisted under this title;

(9) payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of the Community Development Program;

(10) relocation payments and assistance for individuals, families, businesses, organizations, and farm operations displaced by activities assisted under this title;

(11) activities necessary (A) to develop a comprehensive plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation; and

(12) payment of reasonable administrative costs related to the planning and execution of community development and housing activities.

(b) In the case of a grant to finance the rehabilitation of privately owned property, the State or unit of general local government shall take appropriate steps to assure that, if the property is sold or transferred by the owner within one year of the date on which the grant was made, the entire amount of the grant shall be repayable to the State or unit of general local government; if it is sold or transferred more than one but not more than two years after such date, at least three-fourths of the amount of the grant shall be repayable; if it is sold or transferred more than two but not more than three years after such date, at least one-half of the amount of the grant shall be repayable; and if it is sold or transferred more than three but not more than four years after such date, at least one-fourth of the amount of the grant shall be repayable. The requirements of this subsection may be waived by the State or unit of general local government where it determines that such waiver is necessary for the execution of the Community Development Program or to avoid hardship to the owner of the rehabilitated property.

(c) Upon the request of the recipient of a grant under this title, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with the rehabilitation of properties as authorized under paragraph (4) of subsection (a).

ALLOCATION AND DISTRIBUTION OF FUNDS

SEC. 106. (a) Of the amount approved in an appropriation Act under section 103(a) for grants in any year (excluding the amount provided for use in accordance with section 107), 80 per centum shall be allocated by the Secretary to metropolitan areas. Except as provided in subsections (c) and (e), each metropolitan city and urban county shall, subject to the provisions of section 104 and except as otherwise specifically authorized, be entitled to annual grants from such allocation in an aggregate amount not exceeding the greater of its basic amount computed

pursuant to subsection (b) (2) or (3) or its hold-harmless amount computed pursuant to subsection (g).

(b)(1) The Secretary shall determine the amount to be allocated to all metropolitan cities which shall be an amount that bears the same ratio to the allocation for all metropolitan areas as the average of the ratios between—

(A) the population of all metropolitan cities and the population of all metropolitan areas;

(B) the extent of poverty in all metropolitan cities and the extent of poverty in all metropolitan areas; and

(C) the extent of housing overcrowding in all metropolitan cities and the extent of housing overcrowding in all metropolitan areas.

(2) From the amount allocated to all metropolitan cities the Secretary shall determine for each metropolitan city a basic grant amount which shall equal an amount that bears the same ratio to the allocation for all metropolitan cities as the average of the ratios between—

(A) the population of that city and the population of all metropolitan cities;

(B) the extent of poverty in that city and the extent of poverty in all metropolitan cities; and

(C) the extent of housing overcrowding in that city and the extent of housing overcrowding in all metropolitan cities.

(3) The Secretary shall determine the basic grant amount of each urban county by—

(A) calculating the total amount that would have been allocated to metropolitan cities and urban counties together under paragraph (1) of this subsection if data pertaining to the population, extent of poverty, and extent of housing overcrowding in all urban counties were included in the numerator of each of the fractions described in such paragraph; and

(B) determining for each county the amount which bears the same ratio to the total amount calculated under subparagraph (A) of this paragraph as the average of the ratios between—

(i) the population in that urban county and the population in all metropolitan cities and urban counties;

(ii) the extent of poverty in that urban county and the extent of poverty in all metropolitan ctiies and urban counties; and

(iii) the extent of housing overcrowding in that urban county and the extent of housing overcrowding in all metropolitan cities and urban counties.

(4) In determining the average of ratios under paragraphs (1), (2), and (3), the ratio involving the extent of poverty shall be counted twice.

(5) In computing amounts or exclusions under this section with respect to any urban county there shall be excluded units of general local government located in the county (A) which receive hold-harmless grants pursuant to subsection (h), or (B), the populations of which are not counted in determining the eligibility of the urban county to receive a grant under this subsection.

(c) During the first three years for which funds are approved for distribution to a metropolitan city or urban county under this section, the basic grant amount of such city or county as computed under subsection (b) shall be adjusted as provided in this subsection if the amount so computed for the first such year exceeds the city's or county's hold-harmless amount as determined under subsection (g). Such adjustment shall be made so that—

(1) the amount for the first year does not exceed one-third of the full basic grant amount computed under subsection (b), or the hold-harmless amount, whichever is the greater.

(2) the amount for the second year does not exceed two-thirds of the full basic grant amount computed under subsection (b), or the hold-harmless amount, or the amount allowed under paragraph (1) of this subsection, whichever is the greatest, and

(3) the amount for the third year does not exceed the full basic grant amount computed under subsection (b).

(d) Any portion of the amount allocated to metropolitan areas under the first sentence of subsection (a) which remains after the allocation of grants to metropolitan cities and urban counties in accordance with subsections (b) and (c) shall be allocated by the Secretary—

(1) first, for grants to metropolitan cities, urban counties, and other units of general local government within metropolitan areas to meet their hold-harmless needs as determined under subsections (g) and (h); and

(2) second, for grants to units of general local government and States for use in metropolitan areas, allocating for each such metropolitan area an amount which bears the same ratio to the allocation for all metropolitan areas avilable under this paragraph as the average of the ratios between—

(A) the population of that metropolitan area and the population of all metropolitan areas,

(B) the extent of poverty in that metropolitan area and the extent of poverty in all metropolitan areas, and

(C) the extent of housing overcrowding in that metropolitan area and the extent of housing overcowding in all metropolitan areas.

In determining the average of ratios under this paragraph, the ratio involving the extent of poverty shall be counted twice; and in computing amounts under this paragraph there shall be excluded any metropolitan cities, urban counties, and units of general local government which receive hold-harmless grants pursuant to subsection (h).

(e) Any amounts allocated to a metropolitan city or urban county pursuant to the preceding provisions of this section, and any portions of the remainder of the allocation for a metropolitan area available for distribution pursuant to subsection (d), which are not approved by the Secretary for distribution to such city or county or in such metropolitan area shall be distributed in a timely manner, within the same or the succeeding program period, to State, metropolitan cities, urban counties, and other units of general local government for use, first, in any metropolitan area in the same State, and second, in any other metropolitan area.

(f)(1) Of the amount approved in an appropriation Act under section 103(a) for grants in any year (excluding the amount provided for use in accordance with section 107), 20 per centum shall be allocated by the Secretary—

(A) first, for grants to units of general local government outside of metropolitan areas to meet their hold-harmless needs as determined under subsection (h); and

(B) second, for grants to units of general local government outside of metropolitan areas and States for use outside of metropolitan areas, allocating for the nonmetropolitan areas of each State an amount which bears the same ratio to the allocation available under this paragraph for the nonmetropolitan areas of all States as the average of the ratios between—

(i) the population of the nonmetropolitan areas of that State and the population of the nonmetropolitan areas of all the States,

(ii) the extent of poverty in the nonmetropolitan areas of that State and the extent of poverty in the nonmetropolitan areas of all the States, and

(iii) the extent of housing overcrowding in the nonmetropolitan areas of that State and the extent of housing overcrowding in the nonmetropolitan areas of all the States.

In determining the average of ratios under this paragraph, the ratio involving the extent of poverty shall be counted twice; and in computing amounts under this paragraph there shall be excluded units of general local government which receive hold harmless grants pursuant to subsection (h).

(2) Any amounts allocated to a unit of general local government under paragraph (1)(A) or to a State under paragraph (1)(B) which are not approved by the Secretary for distribution to such unit of general local government or in such State shall be distributed, in a timely manner, within the same or the succeeding program period, to States or units of general local government for use in any nonmetropolitan area.

(g)(1) The full hold-harmless amount of each metropolitan city or urban county shall be the sum of (i) the sum of the average during the five fiscal years ending prior to July 1, 1972, of (1) commitments for grants (as determined by the Secretary) pursuant to part A of title 1 of the Housing Act of 1949; (2) loans pursuant to section 312 of the Housing Act of 1964; (3) grants pursuant to sections 702 and 703 of the Housing and Urban Development Act of 1965; (4) loans pursuant to title II of the Housing Amendments of 1955; and (5) grants pursuant to title VII of the Housing Act of 1961; and (ii) the average annual grant, as determined by the Secretary, made in accordance with part B of title I of the Housing Act of 1949 during the fiscal years ending prior to July 1, 1972, or during the fiscal year 1973 in the case of a metropolitan city or urban county which first received a grant under part B of such title in such fiscal year. In the case of a metropolitan city or urban county program under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966 which has been funded or extended in the fiscal year 1973 for a period ending after June 30, 1973, determinations of the hold-harmless amount of such metropolitan city or urban county shall be made so as to include, in addition to the amounts specified in clauses (i) and (ii) of the preceding sentence, an amount equal to the average annual grant, as determined by the Secretary, made during fiscal years ending prior to July 1, 1972, in accordance with such section; except that such amount shall be added annually only for a number of years which, when added to the number of funding years for which the city or county received grants under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966, equals five. For the purposes of this paragraph the average annual grant under part B of title I of the Housing Act of 1949 or under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966 shall be established by dividing the total amount of grants made to a participant under the program by the number of months of program activity for which funds were authorized and multiplying the result by twelve.

(2) During the fiscal years 1975, 1976, and 1977, the hold-harmless amount of any metropolitan city or urban county shall be the full amount computed for the city or county in accordance with paragraph (1). In fiscal years 1978, 1979, and 1980, if such amount is greater than the basic grant amount of the metropolitan city or urban county for that year, as computed under paragraph (2) of subsection (b), it shall be reduced so that—

(i) in the fiscal year 1978, the excess of the hold-harmless amount over the basic grant amount shall equal two-thirds of the difference between the amount computed under paragraph (1) and the basic grant amount for such year.

(ii) in the fiscal year 1979, the excess of the hold-harmless amount over the basic grant amount shall equal one-third of the

difference between the amount computed under paragraph (1) and the basic grant amount for such year, and

(iii) in the fiscal year 1980, there shall be no excess of the hold-harmless amount over the basic grant amount.

(h)(1) Any unit of general local government which is not a metropolitan city or urban county shall, subject to the provisions of section 104 and except as otherwise specifically authorized, be entitled to grants under this title for any year in an aggregate amount at least equal to its hold-harmless amount as computed under the provisions of subsection (g)(1), if, during the five fiscal years ending prior to July 1, 1974, one or more urban renewal projects, neighborhood development programs, or model cities programs were being carried out by such unit of general local government pursuant to commitments for assistance entered into during such five-year period under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966.

(2) In the fiscal years 1978, 1979, and 1980, in determining the hold-harmless amount of units of general local government qualifying under this subsection, the second sentence of subsection (g)(2) shall be applied as though such units were metropolitan cities or urban counties with basic grant amount of zero.

(i) In excluding the population, poverty, and housing overcrowding data of units of general local government which receive a hold-harmless grant pursuant to subsection (h) from the computations described in subsections (b)(5), (d), and (f) of this section, the Secretary shall exclude two-thirds of such data for fiscal year 1978 and one-third of such data for fiscal year 1979.

(j) Any unit of general local government eligible for a hold-harmless grant pursuant to subsection (h) may, not later than thirty days prior to the beginning of any program period, irrevocably waive its eligibility under such subsection. In the case of such a waiver the unit of general local government shall not be excluded from the computations described in subsections (b)(5), (d), and (f) of this section.

(k) The Secretary may fix such qualification or submission dates as he determines are necessary to permit the computations and determinations required by this section to be made in a timely manner, and all such computations and determinations shall be final and conclusive.

DISCRETIONARY FUND

SEC. 107. (a) Of the total amount appropriated for liquidation of obligations under the fourth sentence of section 103(a) for each of the fiscal years 1975, 1976, and 1977, an amount equal to 2 per centum thereof shall be reserved and set aside in a special discretionary fund for use by the Secretary in making grants (in addition to any other grants which may be made under this title to the same entities or for the same purposes)—

(1) in behalf of new communities assisted under title VII of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968;

(2) to States and units of general local government which join in carying out housing and community development programs that are areawide in scope;

(3) in Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands;

(4) to States and units of general local government for the purposes of demonstrating innovative community development projects;

(5) to States and units of general local government for the purpose of meeting emergency community development needs caused by federally recognized disasters; and

(6) to States and units of general local government where the Secretary deems it necessary to correct inequities resulting from the allocation provisions of section 106.

(b) Not more than one-fourth of the total amount reserved and set aside in the special discretionary fund under subsection (a) for each year may be used for grants to meet emergency disaster needs under subsection (a)(5).

(c) Amounts reserved and set aside in the special discretionary fund under subsection (a) in any fiscal year but not used in such year shall remain available for use in accordance with subsections (a) and (b) in subsequent fiscal years.

GUARANTEE OF LOANS FOR ACQUISITION OF PROPERTY

SEC. 108. (a) The Secretary is authorized, upon such terms and conditions as he may prescribe, to guarantee and make commitments to guarantee the notes or other obligations issued by units of general local government, or by public agencies designated by such units of general local government, for the purpose of financing the acquisition of real property (including such expenses related thereto as the Secretary may permit by regulation) to serve or be used in carrying out activities which are eligible for assistance under section 105 and are identified in the application under section 104, and with respect to which grants have been or are to be made under section 103, but no such guarantee shall be issued in behalf of any agency designed to benefit, in or by the flotation of any issue, a private individual or corporation.

(b) No guarantee or commitment to guarantee shall be made with respect to any unit of general local government or public agency designated by any such unit of general local government unless—

(1) the Secretary, from sums approved in appropriation Acts and allocated for obligation to the unit of general local government pursuant to sections 106 and 107, shall have reserved and withheld, for the purpose of paying the guartanteed obligations (including interest), an amount which is at least equal to 110 per centum of the difference between the cost of acquiring the land and related expenses and the estimated proceeds to be derived from the sale or other disposition of the land, as determined or approved by the Secretary, which amount may subsequently be increased by the Secretary to the extent he determines such increase is necessary or appropriate because of any unanticipated, major reduction in such estimated disposition proceeds;

(2) the unit of general local government shall have given to the Secretary, in a form acceptable to him, a pledge of its full faith and credit for the repayment of so much of any amount required to be paid by the United States pursuant to any guarantee under this section as is equal to the difference between the principal amount of the guaranteed obligations and interest thereon and the amount which is to be reserved and withheld under paragraph (1); and

(3) the unit of general local government has pledged to the repayment of any amounts which are required to be paid by the United States pursuant to its guarantee under this section, and which are not otherwise fully repaid when due pursuant to paragraphs (1) and (2), the proceeds of any grants to which such unit of general local government may become eligible for under this title.

(c) The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

(d) The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out his obligations under guarantees authorized by this section. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which such securities may be issued under such Act are extended to include the purchases of the Secretary's obligations hereunder.

(e) Obligations guaranteed under this section may, at the option of the issuing unit of general local government or designated agency, be subject to Federal taxation as provided in subsection (g). In the event that taxable obligations are issued and guaranteed, the Secretary is authorized to make, and to contract to make, grants to or on behalf of the issuing unit of general local government or public agency to cover not to exceed 30 per centum of the net interest cost (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) to the borrowing unit or agency of such obligations.

(f) Section 3689 of the Revised Statutes, as amended (31 U.S.C. 711), is amended by adding at the end thereof a new paragraph as follows:

"(22) For payments required from time to time under contracts entered into pursuant to section 108 of the Housing and Urban Development Act of 1974 for payment of interest costs on obligations guaranteed by the Secretary of Housing and Urban Development under that section."

(g) With respect to any obligation issued by a unit of general local government or designated agency which such unit or agency has elected to issue as a taxable obligation pursuant to subsection (e) of this section, the interest paid on such obligation shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Code of 1954.

NONDISCRIMINATION

SEC. 109. (a) No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

(b) Whenever the Secretary determines that a State or unit of general local government which is a recipient of assistance under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the Governor of such State or the chief executive officer of such unit of local government of the noncompliance and shall request the Governor or the chief executive officer to secure compliance. If within a reasonable period of time, not to exceed sixty days, the Governor or chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); (3) exercise the powers and functions provided for in section 111 of this Act; or (4) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that a State government or unit of local government is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States dis-

trict court for such relief as may be appropriate, including injunctive relief.

LABOR STANDARDS

SEC. 110. All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with grants received under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5): *Provided*, That this section shall apply to the construction of residential property only if such residential property is designed for residential use for eight or more families. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276(c)).

REMEDIES FOR NONCOMPLIANCE

SEC. 111. (a) If the Secretary finds after reasonable notice and opportunity for hearing that a recipient of assistance under this title has failed to comply substantially with any provision of this title, the Secretary, until he is satisfied that there is no longer any such failure to comply, shall—

(1) terminate payments to the recipient under this title, or

(2) reduce payments to the recipient under this title by an amount equal to the amount of such payments which were not expended in accordance with this title, or

(3) limit the availability of payments under this title to programs, projects, or activities not affected by such failure to comply.

(b)(1) In lieu, or in addition to, any action authorized by subsection (a), the Secretary may, if he has reason to believe that a recipient has failed to comply substantially with any provision of this title, refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted.

(2) Upon such a referral the Attorney General may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to recover the amount of the assistance furnished under this title which was not expended in accordance with it, or for mandatory or injunctive relief.

(c)(1) Any recipient which receives notice under subsection (a) of the termination, reduction, or limitation of payments under this title may, within sixty days after receiving such notice, file with the United States Court of Appeals for the circuit in which such State is located, or in the United States Court of Appeals for the District of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who shall represent the Secretary in the litigation.

(2) The Secretary shall file in the court the record of the proceeding on which he based his action, as provided in section 2112 of title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(3) The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify his findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and he shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also file his recommendations, if any, for the modification or setting aside of his original action.

(4) Upon the filing of the record with the court, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that such judgment shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in section 1254 of title 28, United States Code.

USE OF GRANTS TO SETTLE OUTSTANDING URBAN RENEWAL LOANS

SEC. 112. (a) The Secretary is authorized, notwithstanding any other provision of this title, to apply a portion of the grants, not to exceed 20 per centum thereof without the request of the recipient, made or to be made under section 103(a) in any fiscal year pursuant to an allocation under section 106 to any unit of general local government toward payment of the principal of, and accrued interest on, any temporary loans made in connection with urban renewal projects under title I of the Housing Act of 1949 being carried out within the jurisdiction of such unit of general local government if—

(1) the Secretary determines, after consultation with the local public agency carrying out the project and the chief executive of such unit of general local government, that the project cannot be completed without additional capital grants, or

(2) the local public agency carrying out the project submits to the Secretary an appropriate request which is concurred in by the governing body of such unit of general local government.

In determining the amounts to be applied to the payment of temporary loans, the Secretary shall make an accounting for each project taking into consideration the costs incurred or to be incurred, the estimated proceeds upon any sale or disposition of property, and the capital grants approved for the project.

(b) Upon application by any local public agency carrying out an urban renewal project under title I of the Housing Act of 1949, which application is approved by the governing body of the unit of general local government in which the project is located, the Secretary may approve a financial settlement of such project if he finds that a surplus of capital grant funds after full repayment of temporary loan indebtedness will result and may authorize the unit of general local government to use such surplus funds, without deduction or offset, in accordance with the provisions of this title.

CODE STANDARDS

SEC. 113. Nothing contained in or prescribed under this title, section 101(c) of the Housing Act of 1949, or any other provision of Federal law shall prevent a locality from having and continuing in effect a building, plumbing, electrical, fire prevention, or related code (or provision thereof) embodying standards which, in terms of protecting the public health and safety, are determined by the National Bureau of Standards to be as high as or higher than the corresponding minimum code standards specified by the Secretary of Housing and Urban Development as required to be met in order for such locality to qualify for assistance, certification, or recertification under this title or such section or other provision of Federal law; and any such local standard shall be deemed to satisfy all of the applicable requirements relating to acceptable code standards under this title or such section or other provision.

TRANSITION PROVISIONS

SEC. 114. (a) Except with respect to projects and programs for which funds have been previously committed, no new grants or loans shall be made—

(1) after June 30, 1974, under (A) section 702 or section 703 of the Housing and Urban Development Act of 1965, (B) title II of the Housing Amendments of 1955, or (C) title VII of the Housing Act of 1961; and

(2) after January 1, 1975, under (A) title I of the Demonstration Cities and Metropolitan Development Act of 1966, or (B) title I of the Housing Act of 1949.

(b) To the extent that grants under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966 are payable from appropriations made for fiscal year 1975, and are made with respect to a project or program being carried on in any unit of general local government which is eligible to receive a grant for such fiscal year under section 106(a) or (h) of this title, the amount of such grants made under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966 shall be deducted from the amount of grants which such unit of general local government is eligible to receive for fiscal year 1975 under such section 106(a) or (h). The deduction required by the preceding sentence shall be disregarded in determining the amount of grants made to any unit of general local government that may be applied, pursuant to section 112 of this title, to payment of temporary loans in connection with urban renewal projects under title I of the Housing Act of 1949.

(c) The first sentence of section 103(b) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: ", and by such sums as may be necessary thereafter".

(d)(1) Section 111(b) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended by inserting immediately after the first sentence the following new sentence: "In addition, there is authorized to be appropriated for such purpose such sums as may be necessary for the fiscal year ending June 30, 1975".

(2) Section 111(c) of such Act is amended by striking out "July 1, 1974" and inserting in lieu thereof "July 1, 1975".

(e) Section 312(h) of the Housing Act of 1964 is amended by striking out "October 1, 1974" and inserting in lieu thereof "January 1, 1975".

(f) With respect to the program period beginning January 1, 1975, the Secretary may, without regard to the requirements of section 104, advance to any metropolitan city or urban county, out of the amount allocated to such city or county pursuant to section 106(a), an amount not to exceed 10 per centum of the amount so allocated which shall be available only for use (A) to continue projects or programs referred to in section 114(a)(2) or (B) to plan and prepare for the implementation in such city or county of activities to be assisted under this title.

(g) In the case of funds available for fiscal year 1975, the Secretary shall not consider any application from a metropolitan city or urban county for a basic grant pursuant to section 106(a) or from a unit of general local government for a grant pursuant to section 106(h) unless such application is submitted on or prior to April 1, 1975, in the case of funds available for fiscal years 1976 and 1977, the Secretary shall not consider any application from a metropolitan city or urban county for a basic grant pursuant to section 106(a) or from a unit of general local government for a grant pursuant to section 106(h) unless such application is submitted on or prior to November 1 of those fiscal years.

LIQUIDATION OF SUPERSEDED PROGRAMS

SEC. 115. (a) Section 3689 of the Revised Statutes, as amended (31 U.S.C. 711), is amended by adding after paragraph (22) (as added by section 108(f) of this Act) the following new paragraph:

"(23) For payments required from time to time under contracts entered into pursuant to section 103(b) of the Housing Act of 1949, as amended, with respect to projects or programs for which funds have been committed on or before December 31, 1974, and for which funds have not previously been appropriated."

(b) The Secretary is authorized to transfer the assets and liabilities of any program which is superseded or inactive by reason of this title to the revolving fund for liquidating programs established pursuant to title II of the Independent Offices Appropriation Act of 1955 (Public Law 81–428; 68 Stat. 272, 295).

EMPLOYMENT OPPORTUNITIES FOR LOWER INCOME PERSONS

SEC. 116. Section 3 of the Housing and Urban Development Act of 1968 is amended by inserting ", including community development block grants under title I of the Housing and Urban Development Act of 1974," immediately after "direct financial assistance".

TITLE II—ASSISTED HOUSING

HOUSING ASSISTANCE PROGRAM

SEC. 201. (a) Section 23 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(h)(1)(A) In addition to the assistance authorized by subsection (d) of this section, the Secretary may provide assistance on behalf of lower income families in accordance with the provisions of this subsection.

"(B) To the extent of contracts for annual contributions entered into by the Secretary with a public housing agency under section 10 of this Act, such public housing agency may enter into contracts to make assistance payments for the use of existing dwelling units in accordance with subsections (a) through (g) of this section except as modified by this subsection. In areas where no public housing agency has been organized, the Secretary is authorized to enter into such contracts and to perform the other functions assigned to a public housing agency by this subsection.

"(C) To the extent of annual contributions authorizations under section 10 of this Act, the Secretary is authorized to make assistance payments pursuant to contracts with owners or prospective owners who agree to construct or substantially rehabilitate housing in which some or all of the units shall be available for occupancy by lower income families pursuant to the provisions of this subsection. Subject to the provisions of this subsection, the Secretary may also enter into contracts with public housing agencies pursuant to which such agencies may make assistance payments under contracts with owners or prospective owners of units with respect to which such public housing agencies have assumed or agreed to assume management responsibilities.

"(2)(A) An assistance contract entered into pursuant to this subsection shall establish the maximum monthly rent (including utilities and all maintenance and management charges) which the owner is entitled to receive for each dwelling unit with respect to which such assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically but not less than annually for existing or newly constructed rental dwelling units of various sizes and types in the market area suitable for occupancy by persons assisted under this subsection, except that the maximum monthly rent may exceed 10 per centum but not more than 20 per centum of the fair market rental where the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a State or local housing assistance plan approved pursuant to section 202 of the Housing and Urban Development Act of 1974. Proposed fair market rentals for any area shall be published in the Federal Register with reasonable time for public comment, and shall become effective upon the date of publication in final form in the Federal Register.

"(B)(i) The assistance contract shall provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals established for the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula.

"(ii) The contract shall further provide for the Secretary to make additional adjustments in the maximum monthly rent for units under contract to the extent he determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units which have resulted from substantial general increases in real property taxes, utility rates or similar costs which are not adequately compensated for by the annual adjustment in the maximum monthly rent for such comparable units in the locality in which the units are situated.

"(iii) Adjustments in the maximum rents as hereinbefore provided shall not result in material differences between the rents charged for assisted and comparable unassisted units.

"(C) The amount of the monthly assistance payment with respect to any dwelling unit shall be the difference between not less than 15 per centum nor more than 25 per centum of one-twelfth of the annual income of the family occupying the dwelling unit and the maximum monthly rent which the contract provides that the owner is to receive for the unit. Reviews of family income shall be made no less frequently than annually (except that such reviews may be made at intervals no longer than two years in the case of families who are elderly or handicapped).

"(D) The assistance contract shall provide that assistance payments may be made only with respect to a dwelling unit under lease for occupancy by a family determined to be a lower income family at the time it entered into a dwelling unit, except that such payments may be made with respect to unoccupied units for a period not exceeding sixty days (i) in the event that a family vacates a dwelling unit before the expiration date of the lease for occupancy or (ii) where a good faith effort is being made to fill an unoccupied unit.

"(E) Assistance payments may be made with respect to up to 100 per centum of the dwelling units in any structure upon the application of the owner or prospective owner. Within the category of projects containing more than fifty units and designated for use primarily by nonelderly or nonhandicapped persons, the Secretary may give preference to applications for assistance involving not more than 20 per centum of the dwelling units in a project. In according any such preference, the Secretary shall compare applications received during distinct time periods not exceeding sixty days in duration.

"(F) The Secretary shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

"(G) The Secretary shall prescribe such requirements and procedures as may be necessary or appropriate best to assure that at least 30 per centum of the families assisted under this subsection with annual allocations of contract authority are very low-income families at the time of the initial renting of dwelling units.

"(3)(A) The Secretary shall not contract to make assistance payments with respect to a newly constructed or substantially rehabilitated dwelling unit for a term of less than one month or more than two hundred and forty months. In the case of a project owned by, or financed by a loan or loan guarantee from, a State or local agency, the term may not exceed four hundred and eighty months.

"(B) The contract between the Secretary and the owner with respect to newly constructed or substantially rehabilitated dwelling units shall provide that all ownership, management, and maintenance responsibilities, including the selection of tenants and the termination of tenancy, shall be assumed by the owner (or such entity approved by the Secretary with which the owner may contract for the performance of such responsibilities).

"(C) Assistance provided pursuant to this subsection with respect to the construction or substantial rehabilitation of dwelling units shall not be withheld or made subject to preferences by reason of the availability of mortgage insurance pursuant to section 244 of the National Housing Act or by reason of the tax-exempt status of the bonds or other obligations to be used to finance such construction or rehabilitation or, if such unit is designed to comply with applicable local and State building codes, by reason of the unit's failure to comply with any minimum property standard or other structural code promulgated by the Secretary.

"(D) Nothing in this Act shall be deemed to prohibit an owner from pledging, or offering as security for any loan or obligation, a contract for assistance payments entered into pursuant to this subsection: *Provided*, That such security is in connection with a project constructed or rehabilitated pursuant to authority granted in this subsection, and the terms of the financing or any refinancing have been approved by the Secretary.

"(4) As used in this subsection—

"(A) the term 'lower income families' means those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors;

"(B) the term 'very low-income families' means those families whose incomes do not exceed 50 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families;

"(C) the term 'income' means income from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary;

"(D) the term 'owner' means any private person or entity, including a cooperative, or a public housing agency, having the legal right to lease or sublease newly constructed

or substantially rehabilitated dwelling units as described in this subsection;

"(E) the terms 'rent' or 'rental' mean, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

"(F) The term 'project designed for the elderly or handicapped' means a multifamily housing facility specifically designed and equipped with 'related facilities' (as defined in section 202(d)(8) of the Housing Act of 1959) to accommodate the special environmental needs of the intended occupant, which is in support of and supported by the applicable State plan for comprehensive services pursuant to section 134 of title I of the Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 or State and area plans pursuant to title III of the Older Americans Comprehensive Services Amendments of 1973.

"(5) The provisions of sections 2(1) and 15, the provisions of subsection (a)(2) of this section, and any other provisions of this Act which are inconsistent with the provisions of this subsection shall not apply to contracts for assistance entered into under this subsection.

"(6) Notwithstanding any other provision of this Act, assistance payments under this subsection shall be provided, in accordance with regulations prescribed by the Secretary, with respect to some or all of the units in any project approved pursuant to section 202 of the Housing Act of 1959. For purposes of such payments, the term 'lower income families' as used in this subsection includes elderly or handicapped families with annual incomes less than five times the annual market rent of the units in such projects which they occupy."

(b) Section 2(2) of such Act is amended by inserting in the third sentence thereof immediately after "section 223 of that Act" the following: "or as defined in section 102 (5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1970".

(c) Section 16(2) of such Act is amended—

(1) by striking out "section 23" and inserting in lieu thereof "section 23(d)"; and

(2) by inserting "or the Secretary" immediately after "public housing agency".

(d) Notwithstanding the provisions of section 2(2) of such Act, the term 'elderly or handicapped families' includes two or more elderly or handicapped individuals of the same sex living together, or one or more such individuals living with another person who is determined under regulations of the Authority to be a person essential to their care or well being.

(e) The Secretary shall consult with the Secretary of Health, Education, and Welfare to insure that special projects for the elderly or the handicapped authorized pursuant to United States Housing Act of 1937 shall meet acceptable standards of design and shall provide quality services and management consistent with the needs of the occupant.

LOCAL HOUSING ASSISTANCE PLANS; ALLOCATION OF HOUSING NEEDS

SEC. 202. (a) The Secretary of Housing and Urban Development shall not approve an application or proposal for housing assistance under the United States Housing Act of 1937, sections 235 or 236 of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965 unless the unit of general local government in which the proposed assistance is to be provided and which has a housing assistance plan approved by the Secretary has had a reasonable opportunity to consider the proposed assistance prior to submission of the application or proposal and to certify to the Secretary that such assistance is consistent with a housing assistance plan (approved by the Secretary pursuant to title I of this Act or, in the case of a unit of general local government not participating under such title I approved pursuant to regulations established by the Secretary) or that the assistance, while not consistent with the plan, should be approved for reasons set forth with the certification. If the unit of general local government objects to approval of the application or proposal, and no resolution thereof is effected, the Secretary shall not give that approval unless he determines that the application or proposal is plainly consistent with the housing assistance plan and that such objection, viewed in the context of such plan, is without merit. The Secretary shall advise the unit of general local government in writing of his rejection of such objection and shall provide such unit of government with his reasons at least thirty days prior to such approval and allow an opportunity for response.

(b) The Secretary may, after consultation with appropriate officials representative of units of general local government, approve in regulations exceptions to the requirements of subsection (a) of this section for applications which would involve small amounts of housing assistance. In such cases, the Secretary shall determine whether the applications are consistent with any approved local housing assistance plan.

(c) For areas in which an approved local housing assistance plan is not applicable, the Secretary shall not approve an application for housing assistance unless he determines that there is a need for such assistance and that there is or will be available in the area public facilities and services adequate to serve the housing proposed to be assisted: *Provided*, That the unit of general local government in which the project is to be located has been notified by the Secretary of his intent to approve the project and has failed to object within 60 days of such notification.

(d)(1) In allocating financial assistance under the provisions of law specified in subsection (a) of this section, the Secretary, so far as practicable, shall consider the relative needs of different areas and communities as reflected in data as to population, poverty, housing overcrowding, housing vacancies, amount of substandard housing or other objectively measurable conditions, subject to such adjustments as may be necessary to assist in carrying out activities designed to meet lower income housing needs as described in approved housing assistance plans submitted by units of general local government or combinations of such units assisted under section 107(a)(2) of this Act. The amount of assistance allocated to nonmetropolitan areas pursuant to this section in any fiscal year shall not be less than 20 per centum of the total amount of such assistance.

(2) In order to facilitate the provision of, and long-range planning for, housing for persons of low- and moderate-income in new community developments approved under title IV of the Housing and Urban Development Act of 1968, or of title VII of the Housing and Urban Development Act of 1970, the Secretary shall reserve such housing assistance funds as he deems necessary for use in connection with such new community developments.

(3) The Secretary may reserve such housing assistance funds as he deems appropriate for use by a State or agency thereof.

AMENDMENT TO MAKE PUBLIC HOUSING AGENCIES ELIGIBLE AS MORTGAGORS UNDER SECTION 221(d)(3) OF THE NATIONAL HOUSING ACT

SEC. 203. (a) Section 221(d)(3) of the National Housing Act is amended by striking out the parenthetical phrase "and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937)" and inserting in lieu thereof "(and, except with respect to a project assisted or to be assisted pursuant to section 23(h) of the United States Housing Act of 1937, which certifies that it is not receiving financial assistance from the United States exclusively pursuant to such Act)".

(b) With respect to any obligation which is secured by a mortgage insured under section 221(d)(3) of the National Housing Act and which is issued by a public agency in connection with the financing of a project assisted under section 23(h) of the United States Housing Act of 1937, the interest paid on such obligation shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1954.

MINIMUM RENTALS FOR DWELLING UNITS IN LOW-RENT HOUSING

SEC. 204. (a)(1) Section 2(1) of the United States Housing Act of 1937 is amended by inserting immediately after the second paragraph the following new paragraph:

"Notwithstanding the preceding paragraph, the rental for any dwelling unit in low-rent housing shall not be less than the higher of (A) 10 per centum of the gross income of the family occupying the dwelling unit, and (B) if the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated. In addition, in any case where the dwelling units in a project are administered by a public housing agency receiving operating subsidy payments pursuant to the second proviso in section 10(a), the aggregate rentals required to be paid in any year by families residing in such units shall not be less than an amount equal to one-fifth of the sum of the incomes of all such families."

(b) Clause (B) in the second sentence of the second paragraph in section 2(1) of such Act is amended by striking out clause (iii) and inserting in lieu thereof the following: "(iii) 10 per centum of the family's gross income in the case of an elderly family; and".

(c) Section 2(1) of such Act is further amended by striking out the last paragraph.

(d) Section 213(b) of the Housing and Urban Development Act of 1969 is repealed.

(e) To the extent that the amendments to the United States Housing Act of 1937 made by this section require the establishment of an increased monthly rental charge for any family which occupies a low-income housing unit as of the effective date of this section (other than by reason of the amendments relating to welfare assistance payments), the required adjustment shall be made, in accordance with regulations of the Secretary, as follows: (A) the first adjustment shall not exceed $5 and shall become effective as of the month following the month of the first review of the family's income pursuant to section 10(g)(3) of such Act which occurs at least six months after the enactment of this section, and (B) subsequent adjustments, each of which shall not exceed $5, shall be made at six-month intervals over whatever period is necessary to effect the full required increase in the family's rental charge.

MANAGEMENT PRACTICES IN PROJECT OPERATION

SEC. 205. Section 10(g) of the United States Housing Act of 1937 is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(5) the public housing agency shall comply with such procedures and requirements as the Secretary may prescribe to assure that sound management practices will be followed in the operation of the project, including requirements pertaining to—

"(A) the establishment of tenant selec-

tion criteria designed to assure that, within a reasonable period of time, the project will include families with a broad range of incomes and will avoid concentrations of low-income and deprived families with serious social problems, but this shall not permit maintenance of vacancies to await higher-income tenants where lower-income tenants are available;

"(B) the establishment of satisfactory procedures designed to assure the prompt payment and collection of rents and the prompt processing of evictions in the case of nonpayment of rent;

"(C) the establishment of effective tenant-management relationships designed to assure that satisfactory standards of tenant security and project maintenance are formulated and that the public housing agency (together with tenant councils where they exist) enforces those standards fully and effectively; and

"(D) the development by local housing authority managements of viable homeownership opportunity programs for low-income families capable of assuming the responsibilities of homeownership."

INCREASE IN PUBLIC HOUSING ANNUAL CONTRIBUTIONS CONTRACT AUTHORITY

SEC. 206. Section 10(e) of the United States Housing Act of 1937 is amended by striking out "and $140,000,000 on July 1, 1973" and inserting in lieu thereof "$400,000,000 on July 1, 1973, and $965,000,00 on July 1, 1974".

INTERIM EXTENSION OF SECTION 235 AND SECTION 236 PROGRAMS

SEC. 207. (a)(1) Section 235(m) of the National Housing Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1975".

(2) Section 236(n) of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1975".

(b) Section 236(i)(1) of such Act is amended by inserting before the period at the end thereof the following: ", and, in addition, by such sums as may be necessary thereafter".

(c) Section 235(a) of such Act is amended by inserting after "this section" at the end of the second sentence the following: "or which mortgages are assisted under a State or local program providing assistance through loans, loan insurance or tax abatement".

PROVISION OF LOW RENT PUBLIC HOUSING FOR AMERICAN INDIANS

SEC. 208. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately before the period the following: ": *And provided further*, That at least $20,000,000 of the total amount of contracts for annual contributions authorized under section 206 of the Housing and Urban Development Act of 1974 shall be available solely for low-rent housing for persons who are members of any Indian tribe, band, pueblo, group, or community of Indians who are recognized by the Federal Government, or Alaska Natives, or Indians who are wards of any State government, except that none of the funds made available under this proviso shall be available for housing in private accommodations under section 23 and, notwithstanding any other provision of this Act, the annual contributions for a project assisted pursuant to this proviso shall be equal to the difference between the sum of the total debt service payment plus approved operating costs and the rental payments that tenants are required to make under section 2(1) of this Act".

PROVISION OF HOUSING ASSISTANCE IN CERTAIN AREAS WHERE ASSISTANCE IS OTHERWISE UNAVAILABLE

SEC. 209. If, after two years from the effective date of this Act, the Secretary of Housing and Urban Development determines that there are any areas of the country where a substantial number of families require housing assistance and no agency or sponsor is providing such assistance, he may act as sponsor, or designate a sponsor, to develop housing to meet this need. No sponsor shall be designated by the Secretary pursuant to this section without the prior approval of the Governor or of the State Housing Agency of the State in which the proposed assisted housing is to be located.

PROVISION OF LOW-RENT PUBLIC HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 210. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately before the period the following: ": *And provided further*, That at least 20 per centum of the total amount of contracts for annual contributions authorized under section 206 of the Housing and Urban Development Act of 1974 shall be available solely for low-income housing for elderly or handicapped persons or families".

CERTAIN AMOUNTS TO BE DISREGARDED IN DETERMINING ELIGIBILITY

SEC. 211. (a) That section 15 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(13) Notwithstanding any other provision of law, social security benefit increases occurring after June 1974 shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility of any individual or family for admission to or occupancy of low-rent housing, or for purposes of determining the amount of the rental which any individual or family is required to pay for his or its accommodations in such housing. For purposes of this paragraph, the term 'social security benefit increases occurring after June 1974' means any part of a monthly benefit payable to an individual under the insurance program established under title II of the Social Security Act which results from (and would not be payable but for) a cost-of-living increase in benefits under such program occurring after June 1974 pursuant to section 215(i) of such Act, or any other increase in benefits under such program, enacted after June 1974, which constitutes a general benefit increase within the meaning of section 215(i)(3) of such Act."

SEC. 211. (b) Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"CERTAIN BENEFIT INCREASES TO BE DISREGARDED IN DETERMINING FEDERAL HOUSING SUBSIDIES

"SEC. 525. Notwithstanding any other provision of law, social security benefit increases occurring after June 1974 shall not be considered as income or resources or otherwise taken into account for purposes of determining—

"(1) the eligibility of any individual or family for mortgage insurance or assistance payments under section 235, or the amount of any such payments;

"(2) the eligibility of any individual or family for admission to or occupancy of housing with respect to which assistance payments are being made under section 236, or the amount of the rental to be charged such individual or family for his or its accommodations in such housing;

"(3) whether or not any individual or family is a 'qualified tenant' for purposes of rent supplement payments under section 101 of the Housing and Urban Development Act of 1965, or the amount of such payments; or

"(4) the eligibility of any individual or family for housing assistance under any other Federal law or program which conditions such eligibility to any extent upon income or resources, or the amount or extent of such assistance.

For purposes of this section, the term 'social security benefit increases occurring after June 1974' means any part of a monthly benefit payable to an individual under the insurance program established under title II of the Social Security Act which results from (and would not be payable but for) a cost-of-living increase in benefits under such program occurring after June 1974 pursuant to section 215(i) of such Act, or any other increase in benefits under such program, enacted after June 1974, which constitutes a general benefit increase within the meaning of section 215(i)(3) of such Act."

SEC. 211(c). The amendments made by this section shall apply with respect to determinations made on or after the date of the enactment of this Act.

REVISION OF SECTION 202 PROGRAM FOR ELDERLY AND HANDICAPPED

SEC. 212. (a) Section 202 of title II of the Housing Act of 1959 is amended—

(1) by deleting, in subsection (a)(1), ", consumer cooperatives, limited profit sponsors, or public bodies or agencies" and inserting in lieu thereof "or consumer cooperatives";

(2) by deleting, in subsection (a)(2), ", to any limited profit sponsor approved by the Secretary, to any consumer cooperative, or to any public body or agency" and inserting in lieu thereof "or to any consumer cooperative";

(3) by inserting, after clause (A) of subsection (a)(2), the word "and", by changing the comma which appears at the end of clause (B) of subsection (a)(2) to a period, and by striking the remainder of the subsection;

(4) by deleting, in subsection (a)(3), ", consumer cooperative, or public body or agency" and inserting in lieu thereof "or consumer cooperative"; and

(5) by deleting, in subsection (c)(3), ", cooperative, or public body or agency" and inserting in lieu thereof "or cooperative".

(b) Subsection (a)(3) of section 202 of title II of the Housing Act of 1959 is amended by deleting all that part of the subsection which follows the words "and shall bear interest at a rate" and inserting in lieu thereof "which is not more than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus an allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program."

(c) Paragraph (4) of subsection (d) of section 202 of the Housing Act of 1959 is amended—

(1) by striking the words "a physical" in the second sentence and inserting in lieu thereof "an"; and

(2) by inserting, following the second sentence, a new sentence reading as follows: "A person shall also be considered handicapped if such person is a developmentally disabled individual having a disability attributable to mental retardation, cerebral palsy, epilepsy, or another neurological condition which (i) originates before the individual affected attains age eighteen, (ii) has continued or can be expected to continue indefinitely, and (iii) constitutes a substantial handicap to such individual."

(d) Section 202 of title II of the Housing Act of 1959 is amended by adding at the end thereof a new subsection (f) reading as follows:

"(f) In carrying out the provisions of this section, the Secretary shall seek to assure, pursuant to applicable regulations, that housing and related facilities assisted under this Act will be in appropriate support of, and supported by, applicable plans of a State,

the District of Columbia, Puerto Rico, and possessions of the United States, or of a subdivision thereof, which respond to Federal program requirements as providing an assured range of necessary services for such individuals (which services may include, among others, health, continuing education, welfare, informational, recreational, homemaker, or counseling or referral services, transportation where necessary to facilitate access to social services, and services designed to encourage and assist recipients to use the services and facilities available to them), including plans approved by the Secretary of Health, Education, and Welfare pursuant to section 134 of title I of the Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 or pursuant to title III of the Older Americans Act of 1965."

(e) Section 202(a)(4) of such Act is amended—

(1) by inserting "(A)" immediately after "(4)";

(2) by inserting ", and the proceeds from notes or other obligations issued under subparagraph (B)," after "Amounts so appropriated"; and

(3) by adding at the end thereof the following new subparagraph:

"(B)(i) To carry out the purposes of this section, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount not to exceed $1,500,000,000, in such forms and donominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued thereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as debt transactions of the United States.

"(ii) The receipts and disbursements of the fund shall not included in the total of the Budget of the United States Government and shall be exempt from any limitation on annual expenditure or net lending."

SECTION 202 PROJECTS ELIGIBLE FOR ASSISTANCE PAYMENTS UNDER PUBLIC HOUSING LAW

SEC. 213. (a) In determining the feasibility and marketability of a project under section 202 of the Housing Act of 1959, the Secretary shall consider the availability of monthly assistance payments pursuant to section 23 of the United States Housing Act of 1937 with respect to such a project.

(b) The Secretary shall insure that with the original approval of a project authorized pursuant to section 202 of the Housing Act of 1959, and thereafter at each annual revision of the assistance contract under section 23 of the United States Housing Act of 1937 with respect to units in such project, the project will serve both low- and moderate-income families in a mix which he determines to be appropriate for the area and for viable operation of the project; except that the Secretary shall not permit maintenance of vacancies to await tenants of one income level where tenants of another income level are available.

TITLE III—MORTGAGE CREDIT PROGRAMS

EXTENSION OF REGULAR FHA INSURANCE PROGRAMS

SEC. 301. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1974" in the first sentence and inserting in lieu thereof "June 30, 1977".

(b) Section 217 of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977".

(c) Section 221(f) of such Act is amended by striking out "October 1, 1974" in the fifth sentence and inserting in lieu thereof "June 30, 1977".

(d) Section 809(f) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(e) Section 810(k) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(f) Section 1002(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(g) Section 1101(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

FLEXIBLE INTEREST RATE AUTHORITY

SEC. 302. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977".

INCREASE IN MAXIMUM MORTGAGE AMOUNTS UNDER FHA ONE- TO FOUR-FAMILY MORTGAGE INSURANCE PROGRAMS

SEC. 303. (a) Section 203(b)(2) of the National Housing Act is amended by striking out "$33,000", "$35,750", and "$41,250" wherever they appear and inserting in lieu thereof "$45,000", "$48,750", and "$56,000", respectively.

(b) Section 220(d)(3)(A) of such Act is amended by striking out "$33,000", "$35,750", and "$41,250" wherever they appear and inserting in lieu thereof "$45,000", "$48,750", and "$56,000", respectively.

(c) Section 222(b)(2) of such Act is amended by striking out "$33,000" and inserting in lieu thereof "$45,000".

(d) Section 221(d)(2)(A) of such Act is amended—

(1) by striking out "$18,000", "$21,000", "$24,000", "$32,400", and "$39,600" in the matter preceding the first proviso and inserting in lieu thereof "$21,600", "$25,200", "$28,000", "$38,880", and "$47,520", respectively; and

(2) by striking out '$21,000", "$24,000", "$30,000", "$38,400", and "$45,600" in the second proviso and inserting in lieu thereof "$25,200", "$28,800", "$36,000", "$46,080", and "$54,720", respectively.

(e) Section 234(c) of such Act is amended by striking out "$33,000" and inserting in lieu thereof "$45,000".

(f)(1) The last proviso in section 2935(b)(2) of such Act is amended by striking out "$18,000", "$21,000", "$21,000", and "$24,000" and inserting in lieu thereof "$21,600", "$25,200", and "$28,800", respectively.

(2) Section 235(i)(3)(B) of such Act is amended by striking out "$18,000", "$21,000", "$21,000", and "$24,000" and inserting in lieu thereof "$21,600", "$25,200", "$25,200", and "$28,000", respectively.

INCREASE IN MAXIMUM MORTGAGE AMOUNTS UNDER FHA MULTIFAMILY MORTGAGE INSURANCE PROGRAMS

SEC. 304 (a)(1) Section 207(c)(3) of the National Housing Act is amended by striking out "$9,900", "$13,750", "$16,500", "$20,350", "$23,100", and "$2,500" in the matter preceding the first semicolon and inserting in lieu thereof "$13,000", "$18,000", "$21,500", "$26,500", "$30,000", and "$3,250", respectively.

(2) Section 207(c)(3) of such Act is further amended by striking out "$11,550", "$16,500", "$19,800", "$24,750", and "$28,050" in the matter following the first semicolon and inserting in lieu thereof "$15,000", "$21,000", $25,750", "$32,250", and $34,465", respectively.

(b)(1) Section 213(b)(2) of such Act is amended by striking out "$9,900", "$13,750", "$16,500", "$20,350", and "$23,100" in the matter preceding the first proviso and inserting in lieu thereof "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000", respectively.

(2) Section 213(b)(2) of such Act is further amended by striking out "$11,550", "$16,500", "$19,800", "$24,750", and "$28,050" in the first proviso and inserting in lieu thereof "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465", respectively.

(c)(1) Section 220(d)(3)(B)(iii) of such Act is amended by striking out "$9,900", "$13,750", "$16,500", "$20,350", and "$23,100" in the matter preceding "except" where it first appears and inserting in lieu thereof "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000", respectively.

(2) Section 220(d)(3)(B)(iii) of such Act is further amended by striking out "$11,550", "$16,500", "$19,800", "$25,750", and "$28,050" in the matter following "except" where it first appears and inserting in lieu thereof "$15,000", "$21,000", "$25,759", "$32,250", and "$36,465", respectively.

(d) Section 221(d)(3)(ii) of such Act is amended—

(A) by striking out "$9,200", "$12,937.50", "$15,525", "$19,550", and "$22,137.50" and inserting in lieu thereof "$11,240", "$15,540", "$18,630", "$23,460", and "$26,570", respectively; and

(B) by striking out "$10,925", "$13,500", "$18,400", "$23,000", and "$26,162.50" and inserting in lieu thereof "$13,120", "$16,200", "$22,080", "$27,600", and "$32,000", respectively.

(e)(1) Section 221(d)(4)(ii) of such Act is amended by striking out "$9,200", "$12,937.50", "$15,525", "$19,550", and "$22,-137.50" in the matter preceding the first semicolon and inserting in lieu thereof "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038", respectively.

(2) Section 221(d)(4)(ii) of such Act is further amended by striking out "$10,525", "$15,525", "$18,400", "$23,000", and "$26,162,50" in the matter following the first semicolon and insert in lieu thereof "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578", respectively.

(f)(1) Section 23(c)(2) of such Act is amended by striking out "$8,800", "$12,375", "$14,850", "$17,600", "$22,000", and "$25,025" matter preceding the first semicolon and inserting in lieu thereof "$12,300", "$17,188", "20,525", "$24,700", and "$29,038", respectively.

(2) Section 231(c)(2) of such Act is further amended by striking out "$10,450", "$14,850", "17,600", "$22,000", and "$25,025" in the matter following the first semicolon and inserting in lieu thereof "$13,975", "$20,025", "$24,350", "$31,500", and "$34,-578", respectively.

DOWNPAYMENT REQUIREMENTS FOR REGULAR FHA ONE- TO FOUR-FAMILY MORTGAGES

SEC. 305. (a) The first and second sentences of section 203(b)(2) of the National Housing Act are each amended—

(1) by striking out "$15,000" in clause (i) and inserting in lieu thereof "$25,000";

(2) by strikng out "$15,000" and "$25,000" in clause (ii) and inserting in lieu thereof "$25,000" and "$35,000", respectively; and

(3) by striking out "$25,000" in clause (iii) and inserting in lieu thereof "$35,000".

(b) Section 220(d)(3)(A)(i) of such Act is amended by—

(1) by striking out "$15,000" in clause (1) and inserting in lieu thereof "$25,000";

(2) by striking out "$15,000" and "$25,000" in clause (2) and inserting in lieu thereof "$25,000" and "$35,000", respectively; and

(3) by striking out "$25,000" in clause (3) and inserting in lieu thereof "$35,000".

(c) Section 222(b)(3) of such Act is amended to read as follows:

"(3) have a principal obligation not in excess of the sum of (i) 97 per centum of $25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such vaue in excess of $25,000 but not in excess of $35,000, and (iii) 80 per centum of such value in excess of $35,000; and".

(d) That part of clause (A) of the third sentence of section 234(c) of such Act which begins "and not to exceed" is amended to read as follows: "and not to exceed the sum of (i) 97 per centum of $25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000, (iii) 80 per centum of such value in excess of $35,000".

AMENDMENT TO PROVIDE FHA INSURED FINANCING ON RESALE OF COOPERATIVE DWELLINGS

SEC. 306. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(n)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection. To be eligible, the mortgage shall involve a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this Act. The mortgage amount as determined under the other provisions of subsection (b) of this section shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

"(2) For the purpose of this subsection—

"(A) The terms 'home mortgage' and 'mortgage' include a first lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

"(B) The terms 'appraised value of the property', 'value of the property', and 'value' include the appraised value of a dwelling unit in a cooperative housing project of the type described in subparagraph (A) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term 'property' include a dwelling unit in such a cooperative project.

"(C) The term 'mortgagor' includes a person or persons giving a first lien (of the type described in subpargaraph (A)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation."

LIMITATION ON DOLLAR AMOUNT OF GNMA-PURCHASED MORTGAGES

SEC. 307. Clause (3) of the proviso to the first sentence of section 302(b)(1) of the National Housing Act is amended by striking out "$22,000" and inserting in lieu thereof "$38,000".

TITLE I HOME IMPROVEMENT LOANS

SEC. 308. (a) Section 2(b) of the National Housing Act is amended—

(1) by striking out "$5,000" in clause (1) and inserting in lieu thereof "$10,000";

(2) by striking out "if such obligation" in clause (2) and all that follows down through "the general economy, and" and inserting in lieu thereof the following: "if such obligation has a maturity in excess of twelve years and thirty-two days, except that";

(3) by striking out "twelve years and thirty-two days (fifteen years and thirty-two days in the case of a mobile home composed of two or more modules)" and inserting in lieu thereof "fifteen years and thirty-two days"; and

(4) by striking out "$15,000", "$2,500", and "seven years" in the third proviso in clause (3) and inserting in lieu thereof "$17,500", "$5,000", and "twelve years", respectively.

(b)(1) Section 2(a) of such Act is amended by adding at the end thereof the following new paragraph:

"Alterations, repairs, and improvements upon or in connection with existing structures may include the provision of fire safety equipment. As used in this section, the term 'fire safety equipment' means any device or facility which is designed to reduce the risk of personal injury or property damage resulting from fire and is in conformity with such criteria and standards as shall be prescribed by the Secretary."

(2) Section 2(b) of such Act is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing limitations, any loan to finance fire safety equipment for a nursing home or other comparable health care facility may involve an amount not exceeding $50,000 and have a maturity not exceeding twenty-five years and thirty-two days."

(c) Clause (i) in the first paragraph of section 2(a) of such Act is amended by inserting "or mobile homes" immediately after "in connection with existing structures."

(d) The last sentence of section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes," approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out ", and which represent loans and advances of credit made for the purpose of financing purchases of mobile homes,".

CO-INSURANCE DEMONSTRATION PROGRAM

SEC. 309. Title II of the National Housing Act is amended by adding at the end thereof the following new section:

"CO-INSURANCE

"SEC. 244. (a) In addition to providing insurance as otherwise authorized under this Act, and notwithstanding any other provision of this Act inconsistent with this section, the Secretary, upon request of any mortgagee and for such mortgage insurance premium as he may prescribe (which premium, or other charges to be paid by the mortgagor, shall not exceed the premium, or other charges, that would otherwise be applicable), may insure and make a commitment to insure under any provision of this title any mortgage, advance, or loan otherwise eligible under such provision, pursuant to a contract providing that the mortgagee will—

"(1) assume the per centum of any loss in direct proportion to the amount of the co-insurance, which co-insurance shall not be less than 10 per centum, subject to any reasonable limit or limits on the liability of the mortgagee that may be specified in the event of unusual or catastrophic losses that may be incurred by any one mortgagee; and

"(2) carry out (under a delegation or otherwise and with or without compensation but subject to audit, exception or review requirements) such credit approval, appraisal, inspection, commitment, property disposition, or other functions as the Secretary, pursuant to regulations, shall approve as consistent with the purposes of this Act.

Any contract of insurance under this section shall contain such provisions relating to the sharing of premiums on a sound actuarial basis, establishment of mortgage reserves, manner of calculating insurance benefits, conditions with respect to foreclosure, handling and disposition of property prior to claim or settlement, rights of assignees (which may elect not to be subject to the loss sharing provisions), and other similar matters as the Secretary may prescribe pursuant to regulations.

"(b) No insurance shall be granted pursuant to this section with respect to dwellings or projects approved for mortgage insurance prior to the beginning of construction unless the inspection of such construction is conducted in accordance with at least the minimum standards and criteria used with respect to such dwellings or projects approved for mortgage insurance pursuant to other provisions of this title.

"(c) No insurance shall be granted pursuant to this section unless the Secretary has, after due consultation with the mortgage lending industry, determined that the demonstration program of coinsurance authorized by this section will not disrupt the mortgage market or reduce the availability of mortgage credit to borrowers who depend upon mortgage insurance provided under this Act.

"(d) No mortgage, advance, or loan shall be insured pursuant to this section after June 30, 1977, except pursuant to a commitment to insure made before that date. The aggregate principal amount of mortgages and loans insured pursuant to this section in any fiscal year beginning on or after July 1, 1974, and ending prior to July 1, 1977, shall not exceed 20 per centum of the aggregate principal amount of all mortgages and loans insured under this title during such fiscal year. The percentage limitation specified in the preceding sentence shall also be applicable within the following categories—

"(1) mortgages and loans covering one- to four-family dwellings; and

"(2) mortgages and loans covering projects with five or more dwelling units.

"(e) The Secretary shall not withdraw, deny, or delay insurance otherwise authorized under any other provisions of this Act by reason of the availability of insurance pursuant to this section.

"(f) The Secretary shall submit to the Congress a report, not later than March 1, 1975, and annually thereafter, describing operations under this section, including the extent of mortgagee participation and any special problems encountered, and setting forth any recommendations he may deem appropriate with respect to the continuation or modification of the authority contained in this section. If the Secretary shall fail to submit any such report by the date due, his authority under this section shall terminate."

FEDERAL NATIONAL MORTGAGE ASSOCIATION AMENDMENTS

SEC. 310. (a) Section 302(a)(2) of the National Housing Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the matter preceding subparagraph

(A) and inserting in lieu thereof "September 1, 1968"; and

(2) by striking out "effective" in subparagraphs (A) and (B).

(b) The third sentence of section 302(a)(2)(B) of such Act is amended—

(1) by inserting "or the metropolitan area thereof" immediately after "District of Columbia";

(2) by inserting "jurisdiction and" immediately before "venue"; and

(3) by striking out "resident thereof" and inserting in lieu thereof "District of Columbia corporation".

(c) Section 302(b)(2) of such Act is amended by striking out "75 per centum" each place it appears and inserting in lieu thereof "80 per centum".

(d) Clause (C) of the second sentence of section 302(b)(2) of such Act is amended by striking out "private".

(e) The last sentence of section 302(b)(2) of such Act is amended by striking out "which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act" and inserting in lieu thereof the following: ", but such limitations shall not exceed the limitations contained in the first proviso of the first sentence of section 5(c) of the Home Owners' Loan Act of 1933".

SEC. 311. (a) Section 303(a) of the National Housing Act is amended—

(1) by striking out all of the first sentence which follows "directors" and inserting in lieu thereof a period; and

(2) by striking out everything after the second sentence.

(b) Section 303(c) of such Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the fourth sentence and inserting in lieu thereof "September 1, 1968,"; and

(2) by striking out the proviso in the last sentence.

(c) Subsections (d) and (e) of section 303 of such Act are repealed.

SEC. 312. The last sentence of section 304(a)(1) of the National Housing Act is amended by striking out "section 502 of the Emergency Home Finance Act of 1970" and inserting in lieu thereof "section 243 of the National Housing Act".

SEC. 313. Except with respect to any person receiving an annuity on the date of the enactment of this Act, section 309(d)(2) of the National Housing Act is amended—

(1) by striking out "the termination of the transitional period referred to in section 810(b) of the Housing and Urban Development Act of 1968" and inserting in lieu thereof "January 31, 1972,";

(2) by inserting "positions listed" immediately before "in section 5312"; and

(3) by inserting before the period at the end of the next to last sentence the following: ": *Provided*, That with respect to any person whose employment is made subject to the civil service retirement law by section 312 of the Housing and Urban Development Act of 1974, there shall not be considered for the purposes of such law that portion of his basic pay in any one year which exceeds the basic pay provided for positions listed in section 5316 of such title 5 on the last day of such year".

SEC. 314. Subsections (b) and (c) of section 810 of the Housing and Urban Development Act of 1968 are repealed.

FEDERAL HOME LOAN MORTGAGE CORPORATION AMENDMENTS

SEC. 315. (a) Section 305(a)(1) of the Federal Home Loan Mortgage Corporation Act is amended—

(1) by striking out ", and to hold" and inserting in lieu thereof the following: ". The Corporation may hold"; and

(2) by striking out the period after "therein" and inserting in lieu thereof the following: ", and the servicing on any such mortgage may be performed by the seller or by a financial institution qualified as a seller under provisions of the preceding sentence or by a mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, with which institution or mortgagee the seller may contract."

(b) Section 305(a)(2) of such Act is amended—

(1) by striking out "75 per centum" each place it appears in the first sentence and inserting in lieu thereof "80 per centum";

(2) by striking out "private" in clause (C) of the first sentence; and

(3) by striking out "which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act" and inserting in lieu thereof the following: ", but such limitations shall not exceed the limitations contained in the first proviso to the first sentence of section 5(c) of the Home Owners' Loan Act of 1933".

PROHIBITION AGAINST DISCRIMINATION IN EXTENSION OF MORTGAGE ASSISTANCE

SEC. 316. Title V of the National Housing Act is amended by adding at the end thereof the following new section.

"PROHIBITION AGAINST DISCRIMINATION ON ACCOUNT OF SEX IN EXTENSION OF MORTGAGE ASSISTANCE

"SEC. 525. No federally related mortgage loan, or Federal insurance, guaranty, or other assistance in connection therewith (under this or any other Act), shall be denied to any person on account of sex; and every person engaged in making mortgage loans secured by residential real property shall consider without prejudice the combined incomes of both husband and wife for the purpose of extending mortgage credit in the form of a federally related mortgage loan to a married couple or either member thereof.

"(b) For purposes of subsection (a), the term 'federally related mortgage loan' means any loan which—

"(1) is secured by residential real property designed principally for the occupancy of from one to four families; and

"(2)(A) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

"(B) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary of Housing and Urban Development or any other officer of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary of Housing and Urban Development or a housing or related program administered by any other such officer or agency; or

"(C) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

"(D) is made in whole or in part by any 'creditor', as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year."

MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

SEC. 317. Section 1106 of the National Housing Act is amended as follows:

(1) Paragraph (1) is amended by inserting "or osteopathy" after "practice medicine", and by inserting after "State" where it last appears the following: ", or, in the case of podiatric care or treatment, is under the professional supervision of persons licensed to practice podiatry in the State".

(2) Paragraph (2) is amended by inserting ", osteopathy," after "practice medicine", and by inserting after "dentistry in the State," the following: "or of persons licensed to practice podiatry in the State,".

(3) Paragraph (3)(A) is amended by inserting "osteopathic care," after "comprehensive medical care,", by striking out "or" after "optometric care,", and by inserting after "dental care," the following: "or podiatric care,".

(4) Paragraph (3)(B) is amended by inserting "osteopathic,", after "medical,", by striking out "or" after "optometric,", and by inserting after "dental" the following: "or podiatric".

MORTGAGE INSURANCE FOR MILITARY IMPACTED AREAS

SEC. 318. Title II of the National Housing Act, as amended, is further amended by adding the following new subsection to section 238:

"(c) The Special Risk Insurance Fund may be used by the Secretary for carrying out the mortgage insurance obligations of sections 203 and 207 to provide housing for military personnel, Federal civilian employees, and Federal contractor employees assigned to duty or employed at or in connection with any installation of the Armed Forces of the United States in federally impacted areas where in the judgment of the Secretary (1) the residual housing requirements for persons not associated with such installations are insufficient to sustain the housing market in the event of substantial curtailment of employment of personnel assigned to such installations, and (2) the benefits to be derived from such use outweigh the risk of possible cost to the Government."

TITLE IV—RURAL HOUSING

INCLUSION OF U.S. TERRITORIES AND TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 401. Section 501(a)(1) of the Housing Act of 1949 is amended by striking the words "Puerto Rico and the Virgin Islands" and inserting in lieu thereof the following language: "the Commonwealth of Puerto Rico, the Virgin Islands, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands".

REFINANCING OF INDEBTEDNESS FOR CERTAIN ELIGIBLE APPLICANTS

SEC. 402. Section 501(a)(4) of the Housing Act of 1949 is amended—

(1) by adding after the comma at the end of clause (B) the following: "or, if combined with a loan for improvement, rehabilitation, or repairs and not refinanced, is likely to cause a hardship for the applicant."

(2) by striking out subparagraph (C) and (D) and inserting in lieu thereof the following:

"(C) was incurred by the applicant at least five years prior to his applying for assistance under this title.".

LOANS TO LEASEHOLD OWNERS UNDER ALL RURAL HOUSING PROGRAMS

SEC. 403. Section 501(b)(2) of the Housing Act of 1949 is amended by striking out "sections 502 and 504" and inserting in lieu thereof "this title".

REHABILITATION LOANS AND GRANTS

SEC. 404. Section 504(a) of the Housing Act of 1949 is amended to read as follows:

"(a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502 and 503 and that repairs or improvements should be made to a rural dwelling occupied by him, in order to make such dwelling safe and sanitary and remove hazards to the

health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe the Secretary may make a grant or a combined loan and grant to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making similar repairs, additions, or improvements, including all preliminary and installation costs in obtaining central water and sewer service. No assistance shall be extended to any one individual under this subsection in the form of a loan, grant, or combined loan and grant in excess of $5,000. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable within twenty years in accordance with the principles and conditions set forth in this title, except that a loan for less than $2,500 need be evidenced only by a promissory note. Sums made available by grant may be made subject to the conditions set forth in this title for the protection of the Government with respect to contributions made on loans made by the Secretary.".

VETERANS PREFERENCE

SEC. 405. Section 507 of the Housing Act of 1949 is amended—

(1) by inserting after "concurrent resolution of Congress" each place it appears the following: "or during the period beginning after January 31, 1955, and ending on August 4, 1964, or during the Vietnam era (as defined in section 101(29) of title 38, United States Code),"; and

(2) by inserting "or era" before the period at the end of the third sentence.

ASSISTANCE AUTHORIZATION

SEC. 406. (a) Clauses (b), (c), and (d) of section 513 of the Housing Act of 1949 are amended to read as follows: "(b) not to exceed $75,000,000 for loans and grants pursuant to section 504 during the period beginning July 1, 1956, and ending June 30, 1977; (c) not to exceed $75,000,000 for financial assistance pursuant to section 516 for the period ending June 30, 1977; (d) not to exceed $1,000,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961 and ending June 30, 1977;".

(b) Sections 515(b)(5) and 517(a)(1) of such Act are amended by striking out "October 1, 1974" each place it appears and inserting in lieu thereof "June 30, 1977".

DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS

SEC. 407. (a) Section 515 of the Housing Act of 1949 is amended as follows:

(1) subsection (a) is amended by inserting "public or" before the word "private" and by inserting ", and to States or political subdivisions thereof," after the word "cooperatives"; and

(2) subsection (b) is amended by (A) inserting immediately before "corporation" the words "public or private", (B) striking out "or" immediately before "partnership", (C) adding immediately after "partnership" the phrase ", or any State or political subdivision thereof", and (D) adding the words "low or" immediately before "moderate".

(b) Section 515(b)(1) of such Act is amended by striking "$750,000 or" where it appears, and striking the word "least" and substituting therefor the word "less".

(c) Section 515(d)(4) of such Act is amended to read as follows:

"(4) the term 'development cost' means the cost of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges, including initial operating expenses up to 2 per centum of the aforementioned costs, approved by the Secretary. Such fees and charges may include payments of qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities for low or moderate income families".

DEFINITION OF RURAL AREA

SEC. 408. Section 520 of the Housing Act of 1949 is amended by inserting immediately before the period at the end thereof the following: ", or (3) has a population in excess of 10,000 but not in excess of 15,000 and has a serious lack of mortgage credit, as determined by the Secretary and the Secretary of Housing and Urban Development".

MUTUAL AND SELF-HELP HOUSING

SEC. 409. (a) Section 523(b) (1) of the Housing Act of 1949 is amended by inserting immediately before "; and" at the end thereof the following: ": *Provided*, That the Secretary may advance funds under this paragraph to organizations receiving assistance under clause (A) to enable them to establish revolving accounts for the purchase of land options and any such advances may bear interest at a rate determined by the Secretary and shall be repaid to the Secretary at the expiration of the period for which the grant to the organization involved was made".

(b) Section 523(f) of such Act is amended—

(1) by striking out "1974" each place it appears and inserting in lieu thereof "1977"; and

(2) by striking out "$5,000,000" and inserting in lieu thereof "$10,000,000".

(c) Section 523 of such Act is amended by adding immediately after subsection (g) thereof the following new subsection (h):

"(h) The Secretary shall cause to be issued rules and regulations for the orderly processing and review of applications under this section and rules and regulations protecting the rights of grantees under this section in the event he determines to end grant assistance prior to the termination date of any grant agreement.".

DIRECT AND INSURED LOANS TO PROVIDE CONDOMINIUM HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES IN RURAL AREAS

SEC. 410. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"DIRECT AND INSURED LOANS TO PROVIDE CONDOMINIUM HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES IN RURAL AREAS

"SEC. 525. (a) The Secretary is authorized, in his discretion and upon such terms and conditions (substantially identical insofar as may be feasible with those specified in section 502) as he may prescribe, to make loans to persons and families of low or moderate income, and to insure and make commitments to insure loans made to persons and families of low or moderate income, to assist them in purchasing dwelling units in condominiums located in rural areas.

"(b) Any loan made or insured under subsection (a) shall cover a one-family dwelling unit in a condominium, and shall be subject to such provisions as the Secretary determines to be necessary for the maintenance of the common areas and facilities of the condominium project and to such additional requirements as the Secretary deems appropriate for the protection of the consumer.

"(c) In addition to individual loans made or insured under subsection (a) the Secretary is authorized, in his discretion and upon such terms and conditions (substantially identical insofar as may be feasible with those specified in section 515) as he may prescribe, to make or insure blanket loans to a borrower who shall certify to the Secretary, as a condition of obtaining such loan or insurance under this subsection, that upon completion of the multifamily project the ownership of the project will be committed to a plan of family unit ownership under which (1) each family unit will be eligible for a loan or insurance under subsection (a), and (2) the individual dwelling units in the project will be sold only on a condominium basis and only to purchasers eligible for a loan or insurance under subsection (a). The principal obligation of any blanket loan made or insured under this subsection shall in no case exceed the sum of the individual amounts of the loans which could be made or insured with respect to the individual dwelling units in the project under subsection (a).

"(d) As used in this section, the term 'condominium' means a multiunit housing project which is subject to a plan of family unit ownership acceptable to the Secretary under which each dwelling unit is individually owned and each such owner holds an undivided interest in the common areas and facilities which serve the project.".

(b) Section 517(b) of such Act is amended by striking out "and 524" and inserting in lieu thereof "524, and 525".

(c)(1) Section 521(a) of such Act is amended—

(A) by striking out "and loans under section 515" and inserting in lieu thereof "loans under section 515";

(B) by inserting after "elderly families," the following: "and loans under section 525 to provide condominium housing for persons and families of low or moderate income,".

(2) Section 521(b) of such Act is amended—

(A) by striking out "or 517(a)(1)" and inserting in lieu thereof ", 517(a)(1), or 525(a)"; and

(B) by inserting "or 525(c)" after "under section 515".

(3) Section 521(c) of such Act is amended by inserting immediately after "517(b)" the following: "and section 525".

CONTRACT SERVICES AND FEES

SEC. 411. (a) Section 506(a) of the Housing Act of 1949 is amended by striking out ", as may be required by the Secretary, by competent employees of the Secretary" and inserting in lieu thereof "as required by the Secretary".

(b) Section 517(j)(3) of such Act is amended by inserting after "borrowers," the following: "and other services customary in the industry, construction inspections, commercial appraisals, servicing of loans, and other related program services and expenses,".

TRANSFER OF PRE-1965 INSURED HOUSING LOANS TO THE RURAL HOUSING INSURANCE FUND

SEC. 412. Section 517(b) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentences: "The notes held in the Agricultural Credit Insurance Fund (7 U.S.C. 1929) which evidence loans made or insured by the Secretary under section 514 or 515(b), the rights and liabilities of that Fund under insurance contracts relating to such loans held by insured investors, the mortgages securing the obligations of the borrowers under such loans held in that Fund or by insured investors, and all rights to subsequent collections on and proceeds of such notes, contracts, and mortgages, are hereby transferred to the Rural Housing Insurance Fund and for the purposes of this title and any other Act shall be subject to the provisions of this section as if created pursuant thereto. The Rural Housing Insurance Fund shall compensate the Agricultural Credit Insurance Fund for the aggregate unpaid principal balance plus accrued interest of the notes so transferred."

SITE LOANS

SEC. 413. The first sentence of section 524(a) of the Housing Act of 1949 is amended to read as follows: "The Secretary may make loans, on such terms and conditions and in such amounts he deems necessary, to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any section of this title, the United States Housing Act of 1937, the National Housing Act, or any other law which provides financial assistance for housing low- and moderate-income families."

ESCROW ACCOUNTS FOR TAXES, INSURANCE, AND OTHER EXPENSES

SEC. 414. (a) Section 501 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(e) The Secretary may establish procedures whereby borrowers under this title may make periodic payments for the purposes of taxes, insurance, and such other necessary expenses as the Secretary may deem appropriate. Such payments shall be held in escrow by the Secretary and paid out by him at the appropriate time or times for the purposes for which such payments are made. The Secretary shall notify a borrower in writing when his loan payments are delinquent.".

(b) The second sentence of section 502 (a) of such Act is amended by inserting before the period at the end thereof the following: "and on the borrower prepaying to the Secretary as escrow agent, on terms and conditions prescribed by him, such taxes, insurance, and other expenses as the Secretary may require in accordance with section 501(e)".

(c) Section 517 of such Act is amended—

(1) by striking out "as it becomes due" in the first sentence of subsection (d);

(2) by striking out "prepayment" and "prepayments" each place they appear in subsection (j) (1) and inserting in lieu thereof "payment" and "payments" respectively; and

(3) by inserting before the semicolon at the end of subsection (j) (1) the following: "or until the next agreed annual or semiannual remittance date".

ASSISTANCE TO NONPROFIT SPONSORS

SEC. 415. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 409 of this Act) the following new section:

"ASSISTANCE TO NONPROFIT SPONSORS OF LOW- AND MODERATE-INCOME RURAL HOUSING

"SEC. 526. The Secretary is authorized to provide, or contract with public or private nonprofit organizations to provide, information, advice, and technical assistance, except that a private nonprofit organization shall be required to be sponsored by a State, county, municipality, or other government entity or public body, such sponsorship to include assisting the applicant in the processing of the application, implementing the technical assistance program, and carrying out all obligations of the grant. The information, and technical assistance provided pursuant to this section may include but not be limited to—

"(1) the assembly, correlation, publication, and dissemination of information with respect to the construction, rehabilitation, and operation of low- and moderate-income housing;

"(2) the provision of advice and technical assistance to public bodies or to nonprofit or cooperative organizations with respect to the construction, rehabilitation, and operation of low- and moderate-income housing, including assistance with respect to self-help and mutual self-help programs; and

"(3) counseling on household management, self-help, budgeting, money management, child care, and related counseling services which would assist low- and moderate-income families, receiving assistance under the United States Housing Act of 1937 or this Act in improving their living conditions and housing opportunities, and in meeting the responsibilities of homeownership.

"(b) The Secretary is authorized to make loans to public or private nonprofit corporations, agencies, institutions, organizations, and other associations approved by him for the necessary expenses, prior to construction, of planning, and obtaining financing for, the rehabilitation or construction of housing for low-income individuals or families under any Federal, State, or local housing program which is or could be used in rural areas. Such loans shall be made without interest and shall be for the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including but not limited to preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site acquisition, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the housing or sooner, and may cancel any part or all of such a loan if he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

"(c) There are authorized to be appropriated for the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed $5,000,000 for purposes of subsection (a) and not to exceed $5,000,000 for the purposes of subsection (b). Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this subsection but not appropriated may be appropriated for any succeeding fiscal year.

"(d) All funds appropriated for the purpose of subsection (b) shall be deposited in a fund which shall be known as the low-income sponsor fund, and which shall be available without fiscal year limitation and be administered by the Secretary as a revolving fund carrying out the purposes of that subsection. Sums received in repayment of loans made under subsection (b) shall be deposited in such fund."

RENTAL ASSISTANCE

SEC. 416. (a) Section 521(a) of the Housing Act of 1949 is amended by inserting "(1)" after "SEC. 521. (a)", and by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary may make and insure loans under this section and sections 514, 515, and 517 to provide rental or cooperative housing and related facilities for persons and families of low income in multifamily housing projects, and may make, and contract to make, assistance payments to the owners of such rental housing in order to make available to low-income occupants of such housing rentals at rates commensurate to income and not exceeding 25 per centum of income. Such supplemental assistance payments shall be made on a unit basis and shall not be made for more than 20 per centum of the units in any one project, except (i) when the project is financed by a loan under section 515 for elderly housing or by a loan under section 514 and a grant under section 516, such assistance may be made for up to 100 per centum of the units, and (ii) when the Secretary determines such action is necessary to the economic feasibility of the project, he may make such payments with respect to more than 20 per centum of the units.

"(B) The owner of any project assisted under this paragraph shall be required to provide at least annually a budget of operating expenses and record of tenants' income which shall be used to determine the amount of assistance for each project.

"(C) The project owner shall accumulate safeguard, and periodically pay to the Secretary any rental charges collected in excess of basic rental charges. These funds may be credited to the appropriation and used by the Secretary for making such assistance payments through the end of the next fiscal year."

(b) Section 521(c) of such Act is amended to read as follows:

"(c) There shall be reimbursed to the Rural Housing Insurance Fund by annual appropriations (1) the amounts by which nonprincipal payments made from the fund during each fiscal year to the holders of insured loans described in subsection (a)(1) exceed interest due from the borrowers during each year, and (2) the amount of assistance payments described in subsection (a)(2). The Secretary may from time to time issue notes to the Secretary of the Treasury under section 517(h) to obtain amounts equal to such unreimbursed payments, pending the annual reimbursement by appropriation."

(c) Section 517(j) of such Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) to make assistance payments authorized by section 521(a)(2)."

CERTAIN AMOUNTS TO BE DISREGARDED IN DETERMINING ELIGIBILITY OF LOW AND MODERATE INCOME PERSONS FOR ASSISTANCE UNDER RURAL HOUSING PROGRAM

SEC. 417. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 414 of this Act) the following new section:

"CERTAIN AMOUNTS TO BE DISREGARDED IN DETERMINING ELIGIBILITY OF LOW AND MODERATE INCOME PERSONS FOR ASSISTANCE UNDER RURAL HOUSING PROGRAM

"SEC. 527. Notwithstanding any other provision of law, social security benefit increases occurring after June 1974 shall not be considered as income or resources or otherwise taken into account for purposes of determining the eligibility of any individual or family for assistance pursuant to section 521 of this Act, or the amount of such assistance. For purposes of this section, the term 'social security benefit increases occurring after June 1974's has the meaning given it by section 525 of the National Housing Act."

TITLE V—MISCELLANEOUS

PART A—STATE DEVELOPMENT AGENCIES

DECLARATION OF PURPOSE

SEC. 501. It is the purpose of this part to encourage the formation and effective operation of State development agencies which have broad and flexible authority to carry out or assist development activities designed to (1) provide housing and related facilities to persons and families of low and moderate income, (2) promote the sound growth and development of neighborhoods through the revitalization of slum and blighted areas, (3) increase and improve employment opportunities for the unemployed and underemployed through the development and redevelopment of industrial, manufacturing, and commercial facilities, or (4) implement the development aspects of State land use and preservation policies, including the advance acquisition of land where it is consistent with such policies.

ELIGIBLE DEVELOPMENT AGENCIES

SEC. 502. (a) A State development agency is eligible for assistance under this part only if the Secretary determines that it is fully empowered and has adequate authority to at least carry out or assist in carrying out the purposes specified in clause (1) of section 501.

(b) For the purposes of this part, a "State development agency" is any public body or agency, publicly sponsored corporation, or instrumentality of one or more States which is designated by the Governor (or Governors in the case of an interstate development agency) for purposes of this part.

(c) As used in this part, the term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

GUARANTEES OF OBLIGATIONS

SEC. 503. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to guarantee, and enter into commitments to guarantee, in whole or in part, the bonds, debentures, notes, and other obligations issued by State development agencies to finance, in whole or in part, development activities as determined by him to be in furtherance of the purpose of clause (2) of section 501, including the provisions for such purpose of housing and related facilities for persons and families of low and moderate income. The Secretary is also authorized to make, and to contract to make, grants to any State development agency for payments in an amount equal to 30 per centum of the interest payable on obligations issued by such agency to finance development activities in furtherance of the purpose of this part. The Secretary may make such guarantees and enter into such commitments, and may make such grants or contract to make such grants, upon such terms and conditions as he may prescribe, except that no obligation shall be guaranteed or otherwise assisted under this part unless the income from such obligation is subject to Federal taxation pursuant to section 508(b), and except that use of guarantees or other assistance provided for in this part shall not be made a condition to nor preclude receipt of any other Federal assistance.

(b) The full faith and credit of the United States is pledged to the payment of all guarantees made under this part with respect to principal, interest, and any redemption premiums. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations involved for such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligation.

(c) The Secretary is authorized to establish and collect such fees and charges for and in connection with guarantees made under this part as he considers reasonable.

(d) There are authorized to be appropriated such sums as may be necessary to make payments as provided for in contracts entered into by the Secretary under this section. The aggregate principal amount of the obligations which may be guaranteed or otherwise assisted under this part and outstanding at any one time shall not exceed $500,000,000.

LIMITATION OF GUARANTEES

SEC. 504. The Secretary shall take such steps as he considers reasonable to assure that bonds, debentures, notes, and other obligations which are guaranteed under section 503 will—

(1) be issued only to investors approved by, or meeting requirements prescribed by, the Secretary, or, if an offering to the public is contemplated, be underwritten upon terms and conditions approved by the Secretary;

(2) bear interest at a rate satisfactory to the Secretary;

(3) contain or be subject to repayment, maturity, and other provisions satisfactory to the Secretary; and

(4) contain or be subject to provisions with respect to the protection of the security interests of the United States, including any provisions deemed appropriate by the Secretary relating to subrogation, liens, and releases of liens, payment of taxes, cost certification procedures, escrow or trusteeship requirements, or other matters.

SEC. 505. (a) The Secretary is authorized to establish a revolving fund to provide for the timely payment of any liabilities incurred as a result of guarantees or grants under section 503 and for the payment of obligations issued to the Secretary of the Treasury under subsection (b) of this section. Such revolving fund shall be comprised of (1) receipts for fees and charges; (2) recoveries under security, subrogation, and other rights; (3) repayments, interest income, and any other receipts obtained in connection with guarantees made under section 503; (4) proceeds of the obligations issued to the Secretary of the Treasury pursuant to subsection (b) of this section; and (5) such sums, which are hereby authorized to be appropriated, as may be required for such purposes. Money in the revolving fund not currently needed for the purpose of this part shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

(b) The Secretary may issue obligations to the Secretary of the Treasury in an amount sufficient to enable the Secretary to carry out his functions with respect to the guarantees authorized by section 503. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations so issued, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include purchases of the obligations hereunder.

(c) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real and other property by the United States, the Secretary shall have power, for the protection of the interests of the fund authorized under this section, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal of any property, real or personal, acquired by him as a result of recoveries under security, subrogation, or other rights.

TECHNICAL ASSISTANCE

SEC. 506. The Secretary is authorized to provide, either directly or by contract or other arrangements, technical assistance to State development agencies to assist them in connection with planning and carrying out development activities in furtherance of the purpose of this part.

LABOR STANDARDS

SEC. 507. All laborers and mechanics employed by contractors or subcontractors in development activities assisted under this part shall be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5): *Provided*, That this section shall apply to the construction of residential property only if such residential property is designed for residential use for eight or more families. No assistance shall be extended under this part with respect to any development activities without first obtaining adequate assurance that these labor standards will be maintained upon the work involved in such activities. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267), and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

GENERAL PROVISIONS

SEC. 508. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this part, the Secretary, in addition to any authority otherwise vested to him, shall—

(1) have the power, notwithstanding any other provision of law, in connection with any guarantee under this part, whether before or after default, to provide by contract for the extinguishment upon default of any redemption, equitable, legal, or other right, title, or interest of a State development agency in any mortgage, deed, trust, or other instrument held by or on behalf of the Secretary for the protection of the security interests of the United States: and

(2) have the power to foreclose on any property or commence any action to protect or enforce any right conferred upon him by law, contract, or other agreement, and bid for and purchase at any foreclosure or other sale any property in connection with which he has provided a guarantee pursuant to this part. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property. Notwithstanding any other provision of law, the Secretary shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by him in connection with any security, subrogation, or other rights obtained by him in administering this part.

(b) With respect to any obligation issued by a State development agency for which the issuer has elected to receive the benefits of the assistance provided under this part, the interest paid on such obligation and received by the purchaser thereof (or his successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.

PART B—NEW COMMUNITY PROGRAM AMENDMENTS

CHANGE IN NAME OF COMMUNITY DEVELOPMENT CORPORATION

SEC. 511. (a) Part B of title VII of the Housing and Urban Development Act of 1970 is amended by striking out "Community Development Corporation" wherever it appears and inserting in lieu thereof "New Community Development Corporation".

(b) The heading of section 729 of such Act is amended by inserting "NEW" before "COMMUNITY".

MEMBERSHIP OF BOARD OF DIRECTORS OF NEW COMMUNITY DEVELOPMENT CORPORATION

SEC. 512. Section 729(b) of the Housing and Urban Development Act of 1970 is amended—

(1) by striking out "five members" in the matter preceding paragraph (1) and inserting in lieu thereof "seven members"; and

(2) by striking out "three persons" in paragraph (3) and inserting in lieu thereof "five persons".

INCREASE IN INTEREST DIFFERENTIAL GRANTS TO STATE LAND DEVELOPMENT AGENCIES

SEC. 513. The last sentence of section 713 (a) of the Housing and Urban Development Act of 1970 is amended by striking out "in amounts" and all that follows and inserting in lieu thereof "in amounts equal to 30 per centum of the interest paid on such obligations."

SUPPLEMENTARY GRANTS FOR PROJECTS ASSISTED BY NATIONAL FOUNDATION ON ARTS AND HUMANITIES

SEC. 514. Section 718(c) of the Housing and Urban Development Act of 1970 is amended by inserting before the period at the end thereof the following: ", or a project or portion of a project consisting of the purchase, renovation, or construction of facilities, the purchase of land, or the acquisition of equipment or works of art assisted by contracts or grants under section 5 of the National Foundation on the Arts and the Humanities Act of 1965".

INCLUSION OF WASTE DISPOSAL FACILITIES AND COMMUNITY OR NEIGHBORHOOD HEATING OR AIR-CONDITIONING SYSTEMS AMONG ELIGIBLE LAND IMPROVEMENTS

SEC. 515. Section 711(f) of the Housing and Urban Development Act of 1970 is amended—

(1) by striking out "sewage disposal" in the first and second sentences and inserting in lieu thereof "sewage or waste disposal";

(2) by inserting "community or neighborhood central heating or air-conditioning systems," after "storm drainage facilities," in the first sentence; and

(3) by inserting ", a community or neighborhood central heating or air-conditioning system," after "disposal installation" in the second sentence.

PART C—NATIONAL HOMESTEAD PROGRAM

SEC. 521. It is the purpose of this part to assist in alleviating the present shortage of decent housing for low- and moderate-income individuals and families through the more constructive use of federally owned residential property, while at the same time assisting in the elimination of deterioration and blight in urban and other areas and in the effective rehabilitation of those areas.

SEC. 522. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") shall—

(1) compile, maintain, and keep current a catalog of all unoccupied single-family dwellings in urban and other areas within the United States which are owned by him or his Department, and which would be suitable for occupancy and rehabilitation by qualified low- and moderate-income individuals and families under the national homestead program established by this part; and

(2) take such steps as may be necessary or appropriate (by publication, advertisement, or otherwise) to assure that the residents of each community or area in which any of such dwellings is located will be fully and currently informed of (A) the existence, nature and location of such dwellings, (B) the qualifications required for participation in the program under this part and (C) the terms and conditions on which such dwellings may be conveyed to qualified persons.

(b) The dwellings included in the catalog compiled under subsection (a) shall be offered to qualified low- and moderate-income applicants in accordance with this part without regard to their race, color, religion, sex, or national origin but with due consideration in each case of the suitability of the dwelling involved for the applicant's family (taking into account its size and composition and other relevant factors).

SEC. 523. An applicant is qualified, for purposes of participation in the program under this part with respect to any dwelling, only if he or she—

(1) is eighteen years of age or older;

(2) is the head of his or her household;

(3) is a citizen of the United States;

(4) has not previously participated in the program;

(6) is not the owner of any other real property; and

(6) possesses the financial, technical, and other resources which are necessary (as determined under regulations prescribed by the Secretary) to rehabilitate such dwelling in accordance with his or her agreement entered into under section 524.

SEC. 524. (a) The conveyance of any dwelling to an applicant under the program shall be made on a conditional basis, in return for the payment by such applicant of $1 and the execution by such applicant of an agreement as described in subsection (b).

(b) Each applicant for a dwelling under the program shall enter into an agreement, in such manner and form as the Secretary may require, that he or she—

(1) will reside in the dwelling (and maintain it as his or her principal residence) for a period of at least five years;

(2) will during such period rehabilitate and maintain the dwelling so that it satisfies all of the requirements of applicable State and local law, including building, plumbing, electrical, fire prevention, and related codes;

(3) will carry adequate fire and liability insurance on the dwelling at all times;

(4) will permit inspections of the dwelling to be made at reasonable times by agents or employees of the Secretary for the purpose of determining the progress of the rehabilitation; and

(5) will comply with such additional terms, conditions, and requirements as the Secretary may impose in order to assure that the purpose of this part is carried out.

(c) Upon any material failure by the applicant to carry out his or her agreement entered into under subsection (b) with respect to the dwelling, the conditional conveyance of title to such applicant under subsection (a) shall be revoked, and all right, title, and interest in and to the dwelling shall revert to the Secretary; except that the Secretary may in his discretion grant the applicant, on the basis of need or otherwise, a specified period or extension of time not exceeding two years in which to come into compliance with the terms of the agreement and thereby avoid such revocation and reversion.

(d) After the applicant has resided in the dwelling for the required five-year period and has rehabilitated and maintained it and otherwise complied with the terms of his or her agreement throughout such period, the Secretary shall convey to the applicant fee simple title to the dwelling (including the land on which it is situated).

SEC. 525. The Secretary shall prescribe such rules and regulations, including rules and regulations establishing standards and methods for the inspection of dwellings and the measurement of rehabilitation progress, as may be necessary or appropriate to carry out this part.

SEC. 526. (a) The legal title to and ownership of any dwelling conditionally conveyed to an applicant under section 524(a) shall remain in the Secretary for purposes of all Federal, State, and local laws until fee simple title to such dwelling is conveyed to such applicant under section 524(d); and the conditional conveyance of such dwelling shall specifically so provide. During the period prior to fee simple conveyance such dwelling shall be subject to State and local property taxes only to the extent that other federally owned real property is or would be subject to such taxes under similar conditions.

(b) To the extent he finds its feasible and desirable and consistent with the purpose of this part, the Secretary may enter into agreements with State and local governments and agencies under which single-family dwellings owned by them may be included in the catalog compiled under section 522. Under regulations prescribed by the Secretary, modifying the provisions of this part to the extent necessary or appropriate to take account of differences resulting from State or local ownership, any dwellings so included shall be offered and conveyed to qualified applicants in the same manner and on the same terms and conditions as dwellings owned by the Secretary.

(c) Section 312(a)(1) of the Housing Act of 1964 is amended by adding "or" after the semicolon at the end of subparagraph (C), and by adding at the end thereof the following new subparagraph:

"(D) (i) the property is being occupied pursuant to an agreement entered into under part C of title V of the Housing and Urban Development Act of 1974, and (ii) the loan is made to assist the occupant in carrying out his or her responsibilities under that agreement;".

SEC. 527. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this part.

PART D—MISCELLANEOUS PROVISIONS

INCREASE IN AUTHORIZATION FOR COMPREHENSIVE URBAN PLANNING; PARTICIPATION OF THE TRUST TERRITORY OF THE PACIFIC

SEC. 528. (a) Section 701(b) of the Housing Act of 1954 is amended by inserting immediately after the fifth sentence the following new sentence: "In addition, there is authorized to be appropriated for the purpose of this section not to exceed $130,000,000 for the fiscal year beginning on July 1, 1974.".

(b) Section 703 of the Housing Act of 1954 is amended by striking out the word "and" in clause (1) and by inserting ", and the Trust Territory of the Pacific Islands" immediately before the semicolon at the end of such clause.

COUNSELING AND TECHNICAL ASSISTANCE

SEC. 529. (a) Section 106 of the Housing and Urban Development Act of 1968 is amended by rewriting the heading to read as follows: "TECHNICAL ASSISTANCE, COUNSELING TO TENANTS AND HOMEOWNERS, AND LOANS TO SPONSORS OF LOW- AND MODERATE-INCOME HOUSING".

(b) Section 106(a)(1)(iii) of such Act is amended to read as follows:

"(iii) the provision of training and counseling programs (including preoccupancy programs) for low- and moderate-income tenants and homeowners, including but not limited to, housing selection and purchase procedures, family budgeting, property use and maintenance, household management, and utilization of community resources; and".

(c) Section 106(a)(1) of such Act is amended by adding at the end thereof the following new subparagraph:

"(iv) the provision of technical assistance to communities, particularly smaller communities, to assist such communities in planning, developing, and administering Community Development Programs pursuant to title I of the Housing and Urban Development Act of 1974."

(d) Section 106(a)(2) of such Act is amended by striking out "not to exceed $5,000,000" and inserting in lieu thereof "such sums as may be necessary".

(e) Section 106(b)(1) of such Act is amended by inserting "or public housing agencies" immediately after "nonprofit organizations".

(f) Section 108(b)(2) of such Act is amended by inserting "or public housing agency" immediately after "nonprofit organization".

LIMITATION ON WITHHOLDING OR CONDITIONING OF ASSISTANCE

SEC. 530. Assistance provided for in this Act, the National Housing Act, the United States Housing Act of 1937, the Housing Act of 1949, the Demonstration Cities and Metropolitan Development Act of 1966, and the Housing and Urban Development Acts of 1965, 1968, 1969, and 1970 shall not be withheld or made subject to conditions or preference by reason of the tax-exempt status of bonds or other obligations issued or to be issued to provide financing for use in connection with such assistance, except

where otherwise expressly provided or authorized by law.

ADDITIONAL RESEARCH AUTHORITY

SEC. 531. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

"ADDITIONAL RESEARCH AUTHORITY

"SEC. 509. (a) In carrying out activities under section 501, the Secretary may undertake special demonstrations to determine the housing design, the housing structure, and the housing-related facilities, services, and amenities most effective or appropriate to meet the needs of groups with special housing needs including the elderly, the handicapped, the displaced, single individuals, broken families, and large households. For this purpose, the Secretary is authorized to enter into contracts with, to make grants to, and to provide other types of assistance to individuals and entities with special competence and knowledge to contribute to the planning, development, design, and management of such housing.

"(b) In carrying out his functions under this section, the Secretary shall give perferential attention to demonstrations which in his judgment involve areas of housing user needs most neglected in past and current research and demonstration efforts.

"(c) The Secretary is authorized to undertake demonstrations involving the actual planning, development, and occupancy of housing utilizing the contract and loan authority of any federally assisted housing program. He is also authorized to set aside any development, construction, design, and occupancy requirements, for purposes of these demonstrations, if in his judgment they inhibit the testing of housing designed to meet the special housing needs.

"(d) In carrying out this section, the Secretary shall include, as part of any demonstration, an evaluation of the demonstration to cover the full experience involved in planning, development, and occupancy.

"(e) In addition to any other contract or loan authority which the Secretary may utilize under subsection (c), not more than $10,000,000 from amounts approved in appropriation Acts shall be available for research under this section."

MATERIALS, DESIGN, AND CONSTRUCTION REQUIREMENTS FOR LOW- AND MODERATE-INCOME HOUSING

SEC. 532. The Secretary of Housing and Urban Development shall take such steps as may be necessary (including the insertion of appropriate requirements, specifications, and enforcement provisions in assistance contracts) to make certain that all housing which is constructed for use by low- or moderate-income families with assistance under any law or program administered by the Secretary or under his jurisdiction is designed and constructed in such manner, and utilizes materials of such quality and durability, as to assure to the maximum extent feasible that such housing will have a long economic life, resist deterioration, and provide ease of maintenance, regardless of any savings in cost which might otherwise be realized through the use or application of inferior design, construction, or materials.

FLOOD INSURANCE PROGRAM

SEC. 533. Chapter III of title XIII of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following new section:

"NOTICE OF FLOOD HAZARDS

"SEC. 1364. Each Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similar institutions shall by regulation require such institutions, as a condition of making, increasing, extending, or renewing (after the expiration of 30 days following the date of the enactment of this section) any loan secured by improved real estate or a mobile home located or to be located in an area that has been identified by the Secretary under this title or Public Law 93-233 as an area having special flood hazards, to notify the purchaser or lessee (or obtain satisfactory assurances that the seller or lessor has notified the purchaser or lessee) of such special flood hazards, in writing, a reasonable period in advance of the signing of the purchase agreement, lease, or other documents involved in the transaction."

ADDITIONAL ASSISTANT SECRETARIES OF HOUSING AND URBAN DEVELOPMENT

SEC. 534. (a) Section 4 of the Department of Housing and Urban Development Act (Public Law 89-174, 79 Stat. 667) is amended—

(1) by striking out "six" in the first sentence of subsection (a) and inserting in lieu thereof "eight";

(2) by striking out subsection (b); and

(3) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(b) Section 5316 of title 5, United States Code, is amended by striking out paragraph (122).

(c) Paragraph (87) of section 5315 of title 5, United States Code, is amended by striking out "(6)" and inserting in lieu thereof "(8)".

SEC. 535. Notwithstanding the provisions of section 133(b) of the Housing Act of 1949 or of any other law, local expenditures made in connection with the Broad and Front Street Garage in Trenton, New Jersey, shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the first two action years of the Trenton Neighborhood Development Program (N.J. A-1) in accordance with the provisions of title I of the Housing Act of 1949.

SEC. 536. Section 1307 of the National Flood Insurance Act of 1968 is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of law, any community that has made adequate progress, acceptable to the Secretary on the construction of a flood protection system which will afford flood protection for the one-hundred year frequency flood as determined by the Secretary, shall be eligible for flood insurance under this title (if and to the extent it is eligible for such insurance under the other provisions of this title) at premium rates not exceeding those which would be applicable under this section if such flood protection system had been completed. *Provided, however,* that the Secretary shall find that adequate progress as required herein, has been made if: a) 100 percent of the project cost of the system has been authorized, and; b) at least 60 percent of the project cost of the system has been appropriated, and; c) at least 50 percent of the project cost of the system has been expended, and; d) the system is at least 50 percent completed."

CONDOMINIUM AND COOPERATIVE STUDY

SEC. 537. (a) The Secretary of Housing and Urban Development is authorized and directed to conduct a full and complete investigation and study, and report to Congress not later than one year after the date of enactment of this Act, with respect to condominums and cooperatives, the problems, difficulties, abuses or potential abuses applicable to such housing.

SEC. 538. Participation by a unit of local government in any program authorized by this Act shall not be affected in any way by such units membership as non-membership in a regional planning organization or council of governments.

TITLE VI—CONSUMER HOME MORTGAGE ASSISTANCE

SHORT TITLE

SEC. 600. This title may be cited as the "Consumer Home Mortgage Assistance Act of 1974".

PART A—LENDING AND INVESTMENT POWERS, FEDERAL SAVINGS AND LOAN ASSOCIATIONS

CONSTRUCTION LOANS

SEC. 601. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest an amount, not exceeding the greater of (i) the sum of its surplus, undivided profits, and reserves or (ii) 5 per centum of its assets, in loans or in interests therein the principal purpose of which is to provide financing with respect to what is or is expected to become primarily residential real estate within one hundred miles of their home office or within the State in which such office is located where (i) the association relies substantially for repayment on the borrower's general credit standing and forecast of income, with or without other security, or (ii) the association relies on other security as collateral for the loans, including but not limited to a guaranty or similar obligation of a third party, and in either case described in clause (i) or (ii) immediately preceding, regardless of whether or not the association takes a security interest in real estate (whether or not constituting a first lien) as additional protection.".

SINGLE FAMILY DWELLING LIMITATIONS

SEC. 602. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by striking out "$450,000" immediately before "for each single family dwelling" and inserting in lieu theerof "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board, be increased by not to exceed 50 per centum)"; and by inserting immediately after "upon improved real estate without regard to the foregoing limitations" the following: "but (of said last mentioned 20 per centum) the amount deemed to be loaned in transactions which, except for excess in amount, would be eligible for such association under provisions of this sentence (other than this exception) or under the next following sentence shall be only the outstanding amount of such excess.".

LENDING AUTHORITY UNDER THE HOME OWNERS' LOAN ACT

SEC. 603. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended by section 601 of this Act, is amended by adding at the end thereof the following new paragraph:

"Subject to such prohibitions, limitations, and conditions as the Board may prescribe, any such association may invest in loans and advances of credit and interests therein upon the security of or respecting real property or interests therein used for primarily residential purposes (all of which may be defined by the Board) that do not comply with the limitations and restrictions in this subsection, but no investment shall be made by an association under this sentence if its aggregate outstanding investment under this sentence determined as prescribed by the Board, exclusive of any investment which is or at the time of its making was otherwise authorized, would thereupon exceed 10 per centum of its assets.".

AMENDMENTS TO THE HOME OWNERS' LOAN ACT OF 1933 CONCERNING PROPERTY IMPROVEMENT LOANS

SEC. 604. The second and third undesignated paragraphs of section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C.

1464(c)) are amended by striking out "$5,000" and inserting in lieu thereof "$10,000".

AMENDMENT TO TITLE IV OF THE NATIONAL HOUSING ACT CONCERNING ASSET REQUIREMENTS OF INSURED INSTITUTIONS

SEC. 605. The third sentence of section 403 (b) of the National Housing Act (12 U.S.C. 1726(b)) is amended by striking out "twenty years" in the first proviso and inserting in lieu thereof "thirty years", and by striking out the second proviso.

PART B—NATIONAL BANKS

REAL ESTATE LOANS BY NATIONAL BANKS

SEC. 611. Section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended to read as follows:

"REAL ESTATE LOANS BY NATIONAL BANKS

"SEC. 24. (a) (1) Any national banking association may make real estate loans secured by liens upon unimproved real estate, upon improved real estate, including improved farmland and improved business and residential properties, and upon real estate to be improved by a building or buildings to be constructed or in the process of construction, in an amount which when added to the amount unpaid upon prior mortgages, liens, encumbrances, if any, upon such real estate does not exceed the respective proportions of appraised value as provided in this section. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument, which shall constitute a lien on real estate in fee or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least ten years beyond the maturity date of the loan, and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such loan hereafter made shall not exceed 66⅔ per centum of the appraised value if such real estate is unimproved, 75 per centum of the appraised value if such real estate is improved by offsite improvements such as streets, water, sewers, or other utilities, 75 per centum of the appraised value if such real estate is in the process of being improved by a building or building to be constructed or in the process of construction, or 90 per centum of the appraised value if such real estate is improved by a building or buildings. If any such loan exceeds 75 per centum of the appraised value of the real estate or if the real estate is improved with a one- to four-family dwelling, installment payments shall be required which are sufficient to amortize the entire principal of the loan within a period of not more than thirty years.

"(2) The limitations and restrictions set forth in paragraph (1) shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans (A) which are insured under the provisions of the National Housing Act, (B) which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act of August 28, 1937, as amended, or title V of the Housing Act of 1949, as amended, or (C) which are guaranteed by the Secretary of Housing and Urban Development for the payment of the obligations of which the full faith and credit of the United States is pledged, and such limitations and restrictions shall not apply to real estate loans which are fully guaranteed or insured by a State, or any agency or instrumentality thereof, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the association will be assured of repayment in accordance with the terms of the loan, or to any loan at least 20 per centum of which is guaranteed under chapter 37 of title 38, United States Code.

"(3) Loans which are guaranteed or insured as described in paragraph (2) shall not be taken into account in determining the amount of real estate loans which a national banking association may make in relation to its capital and surplus or its time and savings deposits or in determining the amount of real estate loans secured by other than first liens. Where the collateral for any loan consists partly of real estate security and partly of other security, including a guaranty or endorsement by or an obligation or commitment of a person other than the borrower, only the amount by which the loan exceeds the value as collateral of such other security shall be considered a loan upon the security of real estate, and in no event shall a loan be considered as a real estate loan where there is a valid and binding agreement entered into by a financially responsible lender or other party either directly with the association or which is for the benefit of or has been assigned to the association and pursuant to which agreement the lender or other party is required to advance to the association within sixty months from the date of the making of said loan the full amount of the loan to be made by the association upon the security of real estate. Except as otherwise provided, no such association shall make real estate loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of the amount of its time and savings deposits, whichever is greater: *Provided*, That the amount unpaid upon real estate loans secured by other than first liens when added to the amount unpaid upon prior mortgages, liens, and encumbrances shall not exceed in an aggregate sum 20 per centum of the amount of the capital stock of such association paid in and unimpaired plus 20 per centum of the amount of its unimpaired surplus fund.

"(b) Any national banking association may make real estate loans secured by liens upon forest tracts which are properly managed in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such loan, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, shall not exceed 66⅔ per centum of the appraised fair market value of the growing timber, lands, and improvements thereon offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, exceed 66⅔ per centum of the original appraised total value of the property then remaining. No such loan shall be made for a longer term than three years; except that any such loan may be made for a term not longer than fifteen years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the principal of the loan within a period of not more than fifteen years and at a rate of at least 6⅔ per centum per annum. All such loans secured by liens upon forest tracts shall be included in the permissible aggregate of all real estate loans and, when secured by other than first liens, in the permissible aggregate of all real estate loans secured by other than first liens, prescribed in subsection (a), but no national banking association shall make forest tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.

"(c) Loans made to finance the construction of a building or buildings and having maturities of not to exceed sixty months where there is a valid and binding agreement entered into by a financially responsible lender or other party to advance the full amount of the bank's loan upon completion of the building or buildings, and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed sixty months, may be considered as real estate loans if the loans qualify under this section, or such loans may be classed as commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed at the option of each national banking association that may have an interest in such loans: *Provided*, That no national banking association shall invest in, or be liable on, any such loans classed as commercial loans under this subsection in an aggregate amount in excess of 100 per centum of its actually paidin and unimpaired capital plus 100 per centum of its unimpaired surplus fund.

"(d) Notes representing loans made under this section to finance the construction of residential or farm buildings and having maturities of not to exceed nine months shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of this Act if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank.

"(e) Loans made to any borrower (i) where the association looks for repayment by relying primarily on the borrower's general credit standing and forecast of income, with or without other security, or (ii) secured by an assignment of rents under a lease, and where, in either case described in clause (i) or (ii) above, the association wishes to take a mortgage, deed of trust, or other instrument upon real estate (whether or not constituting a first lien) as a precaution against contingencies, and loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred or guaranteed basis under the Small Business Act shall not be considered as real estate loans within the meaning of this section but shall be classed as commercial loans.

"(f) Any national banking association may make loans upon the security of real estate that do not comply with the limitations and restrictions in this section, if the total unpaid amount loaned, exclusive of loans which subsequently comply with such limitations and restrictions, does not exceed 10 per centum of the amount that a national banking association may invest in real estate loans. The total unpaid amount so loaned shall be included in the aggregate sum that such association may invest in real estate loans.

"(g) Loans made pursuant to this section shall be subject to such conditions and limitations as the Comptroller of the Currency may prescribe by rule or regulation.".

PART C—FEDERAL CREDIT UNIONS

LENDING AUTHORITY AND DEPOSITORY AUTHORITY

SEC. 621. (a) Paragraph (6) of section 107 of the Federal Credit Union Act (12 U.S.C. 1757(6)) is amended to read as follows:

"(6) to make loans to its own directors and to members of its own supervisory credit committee provided that any such loan or aggregate of loans to one director or committee member which exceeds $2,500 plus pledged shares, must be approved by the board of directors and to permit directors and members of its own supervisory or credit committee to act as guarantor or endorser of loans to other members, except when such a loan standing alone or when added to any outstanding loan or loans of the guarantor exceeds $2,500, approval by the board of directors is required;".

(b) Paragraph (9) of such section is amended by inserting immediately before the semicolon at the end thereof the following: ", and for Federal credit unions or credit unions authorized by the Department of Defense operating suboffices on American military installations in foreign countries or trust territories of the United States to maintain demand deposit accounts in banks located in those countries or trust territories subject to such regulations as may be issued by the Administrator and provided such banks are correspondents of banks described in this parargaph".

FEES

SEC. 622. The first sentence of section 109 of the Federal Credit Union Act (12 U.S.C. 1759) is amended by striking out "the entrance fee" and inserting in lieu thereof "a uniform entrance fee if required by the board of directors".

DIRECTORS

SEC. 623. (a) The third sentence of section 113 of the Federal Credit Union Act (12 U.S.C. 1761b) is amended by inserting ", except that the board may designate a committee of not less than two to act as an investment committee, such investment committee to have charge of making investments under rules and procedures established by the board of directors" immediately after "have charge of investments other than loans to members".

(b) The fourth sentence of such section is amended by striking out "act for it in the purchase and sale of securities, the borrowing of funds, and making of loans to other credit unions" and inserting in lieu thereof "exercise such authority as may be delegated to it subject to such conditions and limitations as may be prescribed by the board".

(c) The fifth sentence of such section is amended by striking out "a membership officer" and inserting in lieu thereof "one or more membership officers".

(d) Such section is amended by adding at the end thereof the following new sentence: "If a membership application is denied, the reasons therefor shall be furnished in writing to the person whose application is denied, upon written request.".

CREDIT COMMITTEE

SEC. 624. Section 114 of the Federal Credit Union Act (12 U.S.C. 1761c) is amended to read as follows:

"CREDIT COMMITTEE

"SEC. 114. The credit committee shall hold such meetings as the business of the Federal credit union may require and not less frequently than once a month to consider applications for loans and loan plans offered in accordance with regulations promulgated by the Administrator. Reasonable notice of such meetings shall be given to all members of the committee. No loan or loan plan shall be made unless it is approved by a majority of the committee who are present at the meeting at which the application is considered; except that the credit committee may appoint one or more loan officers, and delegate to him or them the power to approve loans and loan plans. Each loan officer shall furnish to the credit committee a record of each loan and loan plan approved or not approved by him within seven days of the date of the filing of the application therefor. All loans and loan plans not approved by a loan officer shall be acted upon by the credit committee. No individual shall have the authority to disburse funds of the Federal credit union for any loan or loan plan which has been approved by him in his capacity as a loan officer. Not more than one member of the credit committee may be appointed as a loan officer. Applications for loans and loan plans shall be made on forms prepared by such committee, which shall set forth the purpose for which the loan or loan plan is desired, the security, if any, and such other data as may be required. No loan or loan plan which is not adequately secured may be made to any member, if, upon the making of that loan or loan plan, the member would be indebted to the Federal credit union upon loans or loan plans made to him in the aggregate amount which, in the case of a credit union whose unimpaired capital and surplus is less than $8,000, would exceed $200, or which, in the case of any other credit union, would exceed 2½ per centum of its unimpaired capital and surplus. No loan or loan plan may be made to any member if, upon the making of that loan or loan plan, the member would be indebted to the Federal credit union upon loans or loan plans made to him in an aggregate amount which would exceed $200 or 10 per centum of the credit union's unimpaired capital and surplus, whichever is greater. For the purposes of this section an assignment of shares or the endorsement of a note shall be deemed security and subject to such regulations as the Administrator may prescribe, insurance obtained under title I of the National Housing Act shall be deemed adequate security.".

SUPERVISORY COMMITTEES

SEC. 625. Section 115 of the Federal Credit Union Act (12 U.S.C. 1761d) is amended by striking out " a semiannual" and inserting in lieu thereof "an annual".

DIVIDENDS

SEC. 626. (a) The first sentence of section 117 of the Federal Credit Union Act (12 U.S.C. 1763) is amended by striking out "Annually, semiannually, or quarterly, as the bylaws may provide" and inserting in lieu thereof "At such intervals as the board of directors may authorize".

(b) The last sentence of such section is amended by striking out "for a month", and by striking out "which are or become fully paid up during the first ten days of that month" and inserting in lieu thereof "as authorized by the board of directors".

APPLICABILITY

SEC. 627. Section 126 of the Federal Credit Union Act (12 U.S.C. 1772) is amended by inserting immediately after "the several territories" the following: ", including the trust territories,".

DEFINITION OF MEMBERS ACCOUNTS

SEC. 628. Section 202(h) of the Federal Credit Union Act (12 U.S.C. 1782(h)) is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (2) the following new paragraph:

"(3) the term 'members accounts' when applied to the premium charge for insurance of the accounts of federally insured credit unions shall not include amounts in excess of the insured account limit set forth in section 207(c)."

TERMINATION

SEC. 629. (a) Section 206(a) of the Federal Credit Union Act (12 U.S.C. 1786(a)) is amended to read as follows:

"(a)(1) Any insured credit union other than a Federal credit union may, upon not less than ninety days' written notice to the Administrator and upon the affirmative vote of a majority of its members within one year prior to the giving of such notice, terminate its status as an insured credit union.

"(2) Any insured credit union, other than a Federal credit union, which has obtained a new certificate of insurance from a corporation authorized and duly licensed to insure member accounts may upon not less than ninety days' written notice to the Administrator convert from status as an insured credit union under this Act: *Provided*, That at the time of giving notice to the Administrator the provisions of paragraph (b)(1) of this section are not being invoked against the credit union.".

(b) The first sentence of section 206(c) of such Act is amended by inserting "(1)" immediately after "(a)".

(c) Section 206(d) of such Act is amended by inserting "(1)" immediately after "(d)", and by adding at the end thereof the following new paragraphs:

"(2) No credit union shall convert from status as an insured credit union under this Act as provided under subsection (a)(2) of this section until the proposition for such conversion has been approved by a majority of all the directors of the credit union, and by affirmative vote of a majority of the members of the credit union who vote on the proposition. Following approval by the directors, written notice of the proposition and of the date set for the membership vote shall be delivered in person to each member, or mailed to each member at the address for such member appearing on the records of the credit union, not more than thirty nor less than seven days prior to such date. The membership shall be given the opportunity to vote by mail ballot. If the proposition is approved by the membership, prompt and reasonable notice of insurance conversion shall be given to all members.

"(3) In the event of a conversion of a credit union from status as an insured credit union under this Act as provided under subsection (a)(2) of this section, premium charges payable under section 202(c) of this Act shall be reduced by an amount proportionate to the number of calendar months for which the converting credit union will no longer be insured under this Act. As long as a converting credit union remains insured under this Act, it shall remain subject to all of the provisions of chapter II of this Act.".

LIQUIDATION

SEC. 630. Section 208(a)(1) of the Federal Credit Union Act (12 U.S.C. 1788(a)(1)) is amended to read as follows:

"(1) In order to reopen a closed insured credit union or in order to prevent the closing of an insured credit union which the Administrator has determined is in danger of closing or in order to assist in the voluntary liquidation of a solvent credit union, the Administrator, in his discretion, is authorized to make loans to, or purchase the assets of, or establish accounts in such insured credit union upon such terms and conditions as he may prescribe. Except with respect to the voluntary liquidation of a solvent credit union, such loans shall be made and such accounts shall be established only when, in the opinion of the Administrator, such action is necessary to protect the fund or the interests of the members of the credit union."

Amend the title so as to read: "An Act to establish a program of community development block grants, to amend and extend laws relating to housing and urban deevlopment, and for other purposes."

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "to establish a program of community development block grants, to amend and extend laws relating to housing and urban development, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 15361) was laid on the table.

APPOINTMENT OF CONFEREES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the House insist

on its amendments to the Senate bill (S. 3066) to establish a program of community development bloc grants to amend and extend laws relating to housing and urban development and for other purposes, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. PATMAN, BARRETT, Mrs. SULLIVAN, Messrs. ASHLEY, MOORHEAD of Pennsylvania, STEPHENS, ST GERMAIN, REUSS, HANNA, WIDNALL, BROWN of Michigan, J. WILLIAM STANTON, BLACKBURN, Mrs. HECKLER of Massachusetts, and Mr. ROUSSELOT.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF AMENDMENT TO S. 3066

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the Clerk may be authorized to make any necessary corrections in punctuation, section numbers, and corrections referred to in the engrossment of the amendment of the House to the bill, S. 3066.

The SPEAKER. Is there objection to the request of the gentleman from Texas.

There was no objection.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas.

There was no objection.

HOUR OF MEETING, FRIDAY, JUNE 21, 1974

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourn today, it adjourn to meet at 11 o'clock a.m., tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENTS TO THE POSTAL REORGANIZATION ACT

(Mr. HANLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANLEY. Mr. Speaker, today, I am introducing a bill containing a series of amendments to the Postal Reorganization Act of 1970. This bill, I hope, will become a focal point for broad scale public discussion of various problem areas which the Postal Service Subcommittee has uncovered during its extensive hearings and studies.

I want to emphasize at the outset that this bill does not represent a final position on my part on any of these issues. In many cases, I have placed language in the bill primarily for the purpose of engendering meaningful debate. I expect that after we conclude hearings, much of the language, and perhaps some of the concepts, will undergo redrafting in order to attempt to achieve a broad consensus necessary for effective congressional action in the critical area of the quality of mail service which could and should be available to the American public.

Also, this initial effort should not be considered all-inclusive. On July 9, the Postal Service Subcommittee will begin a series of hearings on this bill and any other serious recommendations for changes in the Postal Reorganization Act.

I would therefore like to encourage my colleagues and any others interested in making recommendations to contact the subcommittee to be scheduled as a witness.

The major thrust of my bill is to provide for a substantially increased subsidy to the Postal Service in recognition of its broad public service function. This subsidy would be authorized annually by Congress.

While alternate means of communication have partially replaced the social and economic functions of the mail, the Postal Service is still the most extensive communication network in the country today.

Throughout the history of our Nation, both the general public and the business community have come to rely on the mail as the means of communication that is most accessible physically and financially, and one that provides efficient service at reasonable costs. Our commerce and industry, our intellectual life and much of our social life would obviously be adversely affected without the mail.

It is unwise to assume that we can continue to believe in the "break-even" concept that we mandated in the Postal Reorganization Act of 1970. If we continue to follow a hard line on the break-even concept, postage rates will continue to skyrocket and "noneconomic" but important postal services could become a thing of the past.

Spiraling postal rates have indicated to us that we cannot have efficient postal service at reasonable cost to the user unless we provide funds to the Postal Service to defray its public service costs. I am therefore proposing that as reimbursement to the Postal Service for costs incurred by it in providing a maximum degree of effective and consistent postal service nationwide we provide the means for substantial continuing subsidies. This authorization for each fiscal year would be for an amount up to 20 percent of the total operating expenses of the Postal Service for the immediately preceeding fiscal year.

The vehicle for this subsidy would be a provision for annual authorizations of public service appropriations to the Postal Service.

Under the Postal Reorganization Act of 1970, Congress provided for a permanent authorization for public service costs. Presently, the Postal Reorganization Act provides that public service subsidies be reduced annually until 1984, when the Postal Service is scheduled to become essentially self-sufficient, though the act would authorize appropriations for public service amounting to about $450,000,000 a year after 1984 if the Postal Service chooses to ask for it. This figure will, by that time, be woefully inadequate.

My bill provides for annual authorizations for public service appropriations, and is similar in concept to H.R. 2990 which passed the House of Representatives on July 12, 1973, by a record vote of 328 yeas to 65 nays.

The legislation is simple, but highly significant because it requires the Postal Service to be accountable for its expenditures, and will enable the Congress to keep a closer check on Postal Service functions.

Although Congress mandated the separation of the Postal Service from politics, we did not abdicate our responsibility to the American people to oversee the functions of the Postal Service in order to assure that all the people receive the best possible service.

This authorization legislation would give Congress an important vehicle by which it could tell the Postal Service what it feels necessary to provide this service and protect the mail user from subsidizing unjustifiable Postal Service expenditures.

If this section is passed, Congress will have a stronger voice in the operations of the Postal Service without returning to the discredited patronage politics of the past.

With the major transition now being undertaken by the Postal Service, certainly the Postal Service falls in the category of a program requiring more than casual attention by the Congress and the appropriate congressional committees.

Another area of concern lies in the operation of the Postal Rate Commission and its relation to the Postal Service. Many criticisms have been leveled against the current situation including the length of time it takes the Commission to reach a recommended decision, the qualifications of the Commissioners, and the fact that the Commission's decisions are not final but subject to acceptance, rejection, or modification by the Postal Service's Board of Governors.

There are many directions we could go in this area. One approach could be to abolish the Commission and bring postal ratemaking back to Congress. Feeling that this would not be acceptable at this time, I have drafted language which would move in the other direction—toward complete independence of the Postal Rate Commission. Again, I must emphasize that I am making this proposal as a focal point for discussion rather than as a final position on my point.

In section 3601 through 3641 of the Postal Reorganization Act of 1970, Con-

gress provided for the formation of the Postal Rate Commission. This group was created to insure that there would be an independent and professional group with decisionmaking power. The Commission was established as a bipartisan regulatory body and was delegated the duty of establishing reasonable and equitable classes of mail and rates of postage.

My bill would make the decisions of the Postal Rate Commission final to assure that their decisions with regard to postal rates and mail classification can be made expeditiously and without review or change by the Board of Governors of the Postal Service.

I am also proposing several changes in the structure of the Postal Rate Commission. The Commission members would still be appointed by the President; however, the members would now be confirmed by the Senate. The governing statutes of most regulatory agencies provide that their members be appointed by the President with the advice and consent of the Senate. A provision calling for Senate approval would enable the Senate to review the professional qualifications of the members. Confirmation would assure that the most qualified people be approved and enable the Commissioners to be on a par with other regulatory bodies.

I am also proposing that the Commission yearly designate a Vice Chairman who would act as Chairman in case of the Chairman's absence or the vacancy of the position. In 1973, the Chairmanship of the Commission was vacant for a total of five and a half months. As a result, the Commission was without substantial guidance and leadership for much of the year.

The designation of a Vice Chairman should prevent a similar situation from occuring in the future.

In connection with the Commission's budget, the budget is now part of the overall Postal Service budget. The Postal Service can alter the Commission's total budget, but does not have an item veto.

If we view the Postal Rate Commission as an independent body protecting the interest of the public, good argument can be made that its budget should not be subject to approval by the body whose policy it reviews. Therefore, I feel that the Commission should not be funded from postal revenues, but rather that it should be funded from general tax revenues, and that its budget should not be charged to mail users under current law as an allocable institutional cost.

This bill would require the Postal Rate Commission to annually prepare and submit their budget to the President. Their budget would include, but not be limited to expenses for facilities, supplies, compensation and employee benefits. The President could then make recommendations but could not revise this budget and must then include it as a separate item in the annual budget.

The bill also broaches the problem of temporary rate increases. The Postal Reorganization Act provides that if the Postal Rate Commission fails to act on a request for an adjustment in postal rates within 90 days, the Postal Service may unilaterally place temporary rates into effect. These temporary rates may not exceed the old rate by more than one-third.

In retrospect, a good argument can be made that these provisions give the Postal Service too much latitude. Under the Administrative Procedures Act, it is virtually impossible for the Commission to finish its proceedings within 90 days. The last rate case took 16 months to decide, and the currently pending case will take almost the same length of time. If postal costs continue to rise at their present pace, we may in the next year or two be facing a situation where temporary rates are in effect longer than permanent rates.

Also, the current situation tends to take the pressure off the Postal Rate Commission and the Postal Service to act expeditiously in pending rate cases since the Postal Service will be receiving most of the benefit of rate increases anyway. And it is also possible that the imposition of temporary rates which remain in effect throughout the bulk of the time the Commission is hearing a case may place subtle pressure on the Commission to approve the rate request without substantial change.

Therefore, I am proposing in this legislation that the Postal Service be required to wait 180 days after filing a request for a decision before imposing temporary rates and that such rates could not be more than 10 percent greater than the rate is effect at the time.

Another area which received substantial consideration by the subcommittee last year was the private express statutes which govern the postal monopoly on letter mail.

The private express statutes have a long tradition dating back to colonial times. While there have been many different interpretations and varying enforcement of the statutes, the principle has been well established both here and in other countries that some form of monopoly on the carriage of letters is necessary if any postal system hopes to maintain an adequate level of service at economical rates for all the people it serves.

Under the Postal Reorganization Act, the Postal Service was mandated to conduct an extensive review of the statutes and issue a report with its recommendations for changes in the regulations and laws. The Postal Service issued its report, recommending no new legislation, but did propose several new regulations which clarified the definition of a letter and outlined specific exclusions and suspensions.

The regulations have not yet been placed into effect, but the law grants the Postal Service the power to place them into effect at any time, since the Postal Service is presently not under the Administrative Procedures Act. After holding an extensive series of hearings on the private express statutes, I feel that it is necessary to include in this bill a provision relating to the Postal Service's new definition of a letter and to write specific exemptions into the law—thus removing these exemptions from the whims of the Postal Service regulatory process.

I also feel that it is necessary to bring the Postal Service under the control of the Administrative Procedures Act from which the Postal Service was exempted by the Postal Reorganization Act. If this change is adopted, any changes in rules or regulations of the Postal Service would have to be published in the Federal Register 30 days prior to such change.

The Postal Service has not acted precipitously in the past and has in many cases followed the intent of the Administrative Procedures Act. However, I feel that both the private citizen and the business community should not have to operate knowing that at any time a rule or regulation could be changed which could have some deleterious effect upon them.

The bill also contains a provision granting the Postal Service the right to represent itself in litigation without prior consent of the Attorney General, and a series of other relatively minor amendments.

Again, Mr. Speaker, I would like to emphasize that this is an open ended piece of legislation designed to engender a searching examination of some of the concepts underlying the Postal Reorganization Act. I welcome comments and testimony from my colleagues and any other interested citizens.

REFLECTIONS ON ISRAEL—II

(Mr. PODELL asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. PODELL. Mr. Speaker, during my recent trip to Israel, I visited two small towns which made international headlines only a few short weeks ago, Kiryat Shmona and Ma'alot. Both of these towns were the locations of terrorist attacks on innocent civilians.

Both towns are located near the Lebanese border. Lebanon, Mr. Speaker, has achieved world notoriety as a safe haven for Palestinian terrorists. Towns and kibbutzim located along the border are under constant threat of terrorist attack. The terrain is conducive to terrorist infiltration—it is rugged, filled with wadis, hills and caves, and impossible to patrol completely.

In Kiryat Shmona, 5 miles from the Lebanese border, I met with the mayor, Avraham Aloni. He governs 18,000 people. Nearby are a number of kibbutzim and an Arab village. Mayor Aloni took me to the apartment house in which 16 people were killed by the terrorists more than 2 months ago.

When the news of this massacre first reached the world, there was a temporary outrage that such acts could happen in civilized society. But we were unable to sustain this sense of outrage and anger, and when Israel did the natural thing and struck back at those who were jeopardizing her existence, we turned our backs and condemned her.

Mayor Aloni told me that his people are afraid; they still fear terrorist attacks because of the terrain and the

proximity of the town to the Lebanese border. Seeing the apartment house, and looking at the bullet holes and bloodstains which still remain, made me understand as nothing else could the threat that these people must live with each day of their lives.

Thirty families have left Kiryat Shmona since the massacre. When I asked Mayor Aloni how his people felt, he answered me with a question, "Well, how should they feel?" He wants people to come to Kiryat Shmona, he wants to see the town continue to develop and grow. But fear of renewed terrorist attacks has prevented people from coming there to live and work.

Mayor Aloni has a resigned look about him. There was little I could say that would have been of comfort. After all, it was my government which turned its backs on those killed in Kiryat Shmona by its vote in the Security Council, after we had promised to veto the resolution.

After visiting Kiryat Shmona, I drove to Ma'alot. Ma'alot is a sleepy village, just 5 miles from the Lebanese border. It is unique in Israel, because it is governed jointly with an Arab village called Tarsheika. Most of the residents of Ma'alot are immigrants from North Africa. Until the Yom Kippur War, they enjoyed a good relationship with the Arab neighbors, and also with the Lebanese farmers just across the border. Since then, they have experienced constant trouble from terrorists, culminating in the infamous massacre of schoolchildren on May 16.

Ma'alot seems like an unlikely spot for a terrorist attack, when there are numerous larger towns, centers of industry and productive kibbutzim available. But Ma'alot was picked precisely because of the dual nature of the town, the combined government of Jews and Arabs. The terrorists wanted to cause trouble. They were taking advantage of the fact that the residents of Ma'alot were new immigrants who had not put down firm roots yet and were still vulnerable and easily frightened. They picked it because the surrounding land made attack easy and inviting.

And they did accomplish their purpose. Arab-Jewish relations in Ma'alot were disrupted severely, and recovery of the former cooperative spirit is in serious doubt.

The story of the Ma'alot attack has been retold many times. The people there, and people of compassion the world over, still grieve for the children who were slaughtered by the crazed Palestinians. With the Mayor of the town, Eli Ben Yaacov, and Mr. Weber of the Jewish Daily Forward, I walked through the town, and visited the school and classroom where the massacre took place. It was an incredibly moving experience.

I spoke to some of the people in the town. They are still frightened, even though the government has provided them with ample security. Because of the terrain, it is impossible to adequately patrol the area, and terrorists can sneak through and attack again at any time. An investigation is still going on to determine how the terrorists knew there would be children at the school at that time, but it is not going to restore the confidence of the residents of Ma'alot, or bring the dead children back to their parents.

There was a lesson from Ma'alot that was underscored by those I spoke to at Kiryat Shmona. Virtually everyone felt that this attack would not have occurred had the United States vetoed the Security Council resolution condemning Israel, as we had promised. But by voting for this resolution, the United States as much as said to the Palestinian terrorists that they could attack Israeli towns and farms unhindered.

And this in fact has been the case. Ma'alot was not the last act of terrorist depravity. About 2 weeks ago, Israeli soldiers killed three terrorists infiltrating from Lebanon. Only 4 days ago, a group of four terrorists got far enough to kill three women working at the kibbutz of Shamir on the Lebanese border, before being killed themselves in a battle with the kibbutzniks.

The residents of Ma'alot and Kiryat Shmona feel somewhat removed from the current efforts to bring peace to the Middle East, because the issue that concerns them most, resolution of the Palestinian question and ending terrorist activities, is one that the diplomats are avoiding and which seems to beggar solution. But until there is a solution which is acceptable to both Israel and the Arabs, and until the Arabs are willing to assume responsibility for the lot of the Palestinians and the activities of terrorists groups, we may expect more Ma'alots and Kiryat Shmonas. Unfortunately, the world learns slowly. Even though this time there was no mad rush at the U.N. to condemn Israel, neither was there an outcry to condemn the terrorist murderers. In fact, the silence was deafening. Until the world joins in condemning terrorism, these senseless attacks will continue and more women and children will fall victims to these fanatics.

My visit to Ma'alot and Kiryat Shmona was a profoundly moving experience. It made clear the fact that peace in the Middle East is impossible, at least for Israel, until there is a complete resolution of the Palestinian problem. It is difficult to say what form such a solution may take, for it must be acceptable to all parties concerned, and at present no one solution meets this criterion. But unless there is a program worked out, particularly a program in which the Arab States shoulder their fair share of the burden of caring for the Palestinians, Israel will be the prey of terrorists. And Israel can afford no more Ma'alots.

RECRUITING RESULTS

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. DAN DANIEL. Mr. Speaker, today I offer for the RECORD the total military strength assessment and recruiting results for each of the services for May 1974. The Army, Navy, and Air Force have exceeded their May objectives; the Marine Corps has again fallen short in meeting its goals, which indicates a need for some close study.

The preliminary figures show that the four armed services obtained 28,920 enlistments during May. This total was 101 percent of their total objective for the month.

In the first 5 months of the calendar year the Army has obtained 70,730 new enlistments, or 43 percent more than the 49,850 enlistments obtained during the corresponding period a year ago.

The Marine Corps was unable to accept all of its high school nongraduate applicants because of the law which requires that at least 55 percent of all non-prior-service enlistees in fiscal year 1974 in each service be high school graduates.

RECRUITING RESULTS—ALL SOURCES

	May			April percent objective
	Program objective	Actual	Percent objective	
Army	14,300	14,820	104	91
Navy	4,650	5,990	131	127
Marine Corps	4,150	2,540	61	45
Air Force	5,500	5,570	101	101
Total DOD	28,600	28,920	101	92

It is emphasized that recruiting input is only one element of the manpower program, and that total strength on hand is also influenced by reenlistment rates as well as unprogramed losses such as early discharges. Total DOD military strength was about 1 percent below the strength level planned at the end of April, as shown in the following table:

STATUS OF MILITARY STRENGTH BY SERVICE

	End of April (thousands)				June 1974 (thousands) current objective
	Objective	Actual	Shortfall	Percent	
Army	786	782	5	1	782
Navy [1]	557	548	9	2	551
Marine Corps	193	190	3	2	196
Air Force	659	655	4	1	645
Total DOD	2,195	2,175	21	1	2,174

[1] The Navy shortfall reflects an earlier problem in strength accounting rather than a failure to meet recruiting objectives. The Navy is striving to make up the difference before year-end through over-delivery against its recruiting goals, as evidenced by their recruiting achievements in May (134 percent) and April (127 percent).

The Department of Defense expects the total military strength to be within 10,000–15,000 of the target of 2,174,000 planned for the end of the current fiscal year, indicating a shortfall of well under 1 percent.

YEAR-TO-DATE RECRUITING RESULTS BY SERVICE

During the first 11 months of the fiscal year the four military services had achieved 94 percent of their cumulative recruiting objectives. The following table shows year-to-date performance by service:

RECRUITING RESULTS—ALL SOURCES, YEAR-TO-DATE FISCAL YEAR 1974

	Program objective July–May	Actual	Percent of objective
Army	189	171	91
Navy	76	77	102
Marine Corps	50	43	86
Air Force	68	68	100
Total DOD	383	360	94

ENLISTMENTS BY SOURCE

The number of nonprior servicemen enlisted was 23,560 or 97 percent of the services' May objective; the number of nonprior servicewomen was 2,660 or 122 percent of the objective; and the number of prior service personnel was 2,700 or about 125 percent of the objective. The following table shows the distribution of May enlistments by source:

RECRUITING RESULTS BY SOURCE

	May			April
	Program objective	Actual	Percent objective	Percent objective
Nonprior service:				
Men	24,250	23,560	97	90
Women	2,180	2,660	122	102
Prior service	2,170	2,700	125	117
Total DOD	28,600	28,920	101	92

NON-PRIOR-SERVICE ENLISTMENTS, MEN AND WOMEN, BY SERVICE

During May the services achieved the following results against their non-prior-service objectives for men and women:

	May			April	Year to date
	Program objective	Actual	Percent objective	percent objective	percent objective
Non-prior-service recruiting results, men:					
Army	12,100	11,660	96	87	87
Navy	3,600	4,790	133	136	101
Marine Corps	3,800	2,310	61	41	86
Air Force	4,750	4,810	101	101	100
Total DOD	24,250	23,560	97	90	92

	May			April	Year to date
	Program objective	Actual	Percent objective	percent objective	percent objective
Non-prior-service recruiting results, women:					
Army	1,000	1,340	134	104	106
Navy	450	590	131	99	108
Marine Corps	110	100	94	105	99
Air Force	630	630	100	101	100
Total DOD	2,190	2,660	122	102	10

MENTAL GROUPINGS: HIGH SCHOOL GRADUATES

In May about 90 percent of all nonprior service enlistees were mental categories I–III, which are the average and above-average mental groups; only 10 percent were in mental category IV, the below-average group. High school graduates amounted to 62 percent of enlistments, compared to 66 percent for April; the decrease is due primarily to seasonal factors. The data for the fiscal year to date is shown in the following table along with May results:

HIGH SCHOOL GRADUATES AND MENTAL GROUPINGS (NON-PRIOR-SERVICE MEN AND WOMEN)

	High school graduates			Mental groups I, II, III [1]		
	May		Year to date percent	May		Year to date percent
	Number	Percent		Number	Percent	
Army	6,910	53	54	10,690	82	82
Navy	3,150	62	69	4,870	96	97
Marine Corps	1,660	69	51	2,260	94	93
Air Force	4,420	81	93	5,410	99	99
Total DOD	16,140	62	65	23,230	90	90

[1] Above average and average categories.

JUNE OBJECTIVES

The services' manpower programs for June call for the following enlistment objectives from all sources:

June program objectives:	
Army	22,600
Navy	9,650
Marine Corps	5,550
Air Force	6,720
Total Department of Defense	44,520

In addition to these program objectives, the Navy is seeking 747 extended active duty reserve enlistments and 4,550 additional regular force enlistments because of revised loss estimates. The Marine Corps is seeking 2,360 additional enlistments to offset previous recruiting shortfalls.

RESERVE COMPONENTS

The total selected Reserve strength increased in April for the seventh consecutive month with the Army National Guard and Reserve Components and the Air Force Guard and Reserve Components showing net gains. Although nonprior service enlistments for all Reserve components are lower than the objectives for the year to date, the shortfalls have been partially offset by successes in recruiting prior service enlisted personnel:

FISCAL YEAR 1974 SELECTED RESERVE STRENGTHS [1]

[In thousands]

	ARNG	USAR	USNR	USMCR	ANG	USAFR	DOD total
Authorized end strength	412.0	260.6	116.9	39.5	92.5	51.5	972.9
Actual:							
June 30, 1973	385.6	236.5	126.2	37.5	90.4	43.8	919.0
Sept. 30, 1973	384.9	231.5	119.1	35.3	90.5	43.3	904.6
Dec. 31, 1973	392.5	227.2	119.1	33.1	92.5	43.5	908.2
Mar. 31, 1974	404.9	226.2	115.4	31.8	93.6	44.4	916.2
Apr. 30, 1974	406.1	227.3	115.1	31.2	94.2	45.2	919.1
Change from previous month	+1.2	+1.1	−.3	−.6	+.6	+.8	+2.8
Net short/over authorized end strength	−5.9	−33.3	−1.7	−8.3	+1.7	−6.3	−53.8
Percent short/over	−1.4	−12.8	−1.5	−21.0	+1.9	−12.3	−5.5

[1] Unaudited preliminary reports from services.

PROPOSED CHANGES IN RULES OF EVIDENCE FOR CRIMINAL PROCEDURE

(Mr. HUNGATE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUNGATE. Mr. Speaker, I take this time to give the Members some information concerning legislation pending in the House Judiciary Committee. The Members will recall about a year ago or so proposed changes in the rules of evidence were submitted to the Congress, and we did extend the time for consideration of these changes so that they would not automatically become effective and so that the House of Representatives could work its will on this issue. This has been done, and the matter is being considered by the other body.

We now face a similar problem. The proposed changes in the Federal rules for criminal procedure were on April 22, 1974, referred to the Committee on the Judiciary. The Subcommittee on Criminal Justice has met and unanimously recommended that rather than permitting these changes to become automatically effective on August 1 of this year, without adequate time to hold hearings and affording judges, prosecutors, and others the chance to be heard on this matter, we would request a 1-year delay in the effective date, so that we could have time to let the House work its will. The Department of Justice, through a letter from Attorney General Saxbe, has also recommended postponing the effective date of these proposed Rules of Criminal Procedure until August 1, 1975, so those who desire to be heard on this question can be accommodated.

Mr. Speaker, that procedure has been recommended unanimously by the subcommittee, and we do hope to get this matter to the House before August 1 of this year.

The amendments, which touch upon some controversial areas in criminal law, were the product of several years work by the judicial conference. Preliminary drafts of the amendments were published in January 1970 and April 1971. The initial work was done by the Advisory Committee on Criminal Rules under the chairmanship of Judge Alfonso J. Zirpoli of San Francisco. The advisory committee sent its recommendations to the Standing Committee on Federal Practice and Procedure, which presently is chaired by Judge Rozell C. Thomson. During most of the time that the amendments were under consideration, the standing committee was chaired by Judge Albert B. Maris. These committees and their distinguished members worked long and hard at their task.

The Subcommittee on Criminal Justice circulated House Document 93–292 to a wide cross-section of the legal profession in order to obtain comments on the amendments. We contacted, among others, the chief judge of every Federal district court, the chief judge of every circuit court of appeals, the president of every State bar association, and various law professors. We have received a substantial number of replies, most of them critical of the proposed amendments. Several people and organizations have asked to testify. The statistical breakdown reveals correspondence from four Members of Congress and letters of comment and criticism concerning the rules from 19 Federal judges, 2 private practitioners, and 4 organizations.

It became apparent to the members of the subcommittee that the amendments raised issues requiring careful study. The amendments deal with such topics as plea bargaining, discovery of evidence and witness' identities by prosecution and defense, the use of the arrest warrant and summons, and the utilization of presentence reports. The subcommittee unanimously agreed that it was impossible to tackle such important and technical issues and complete the job before the rules automatically take effect August 1. We therefore recommend legislation which would postpone the effective date of these proposed Federal rules of criminal procedure until August 1, 1975. The vehicle to accomplish this is H.R. 15461 which we hope can soon be approved by the full Judiciary Committee and brought before the House for its consideration in the next few weeks.

THE IMPORTANCE OF A STRONG STRIP MINING RECLAMATION BILL

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from Montana (Mr. MELCHER) is recognized for 60 minutes.

Mr. MELCHER. Mr. Speaker, H.R. 11500, the strip mining reclamation bill that the House Interior Committee has worked on for 16 months will be ready for floor debate early in July.

It is not satisfactory in all aspects but it is a workable bill. It has some flaws that I would like to see strengthened, particularly regarding interim standards. These are the minimum requirements to be enforced for a period ranging from 30 to 36 months while the program is implemented by the individual States, or on Indian reservations, which desire to take over strip mining reclamation regulation in their jurisdiction. Their failure to meet the minimum Federal requirements would, of course, mean that the Federal Government, through the Department of the Interior, will regulate coal strip mining in such States or reservations.

But all in all, H.R. 11500 will provide what this country desperately needs if we are going to continue to develop and expand coal strip mining. That need is basic minimum reclamation requirements set by the Federal Government that will apply to any and all coal strip mining operations in any of the 50 States. It has the obvious advantage of setting reclamation standards uniformly for all of the States so that mining companies cannot play one State against the other seeking to get lower standards by threatening to move their operations to a State with weaker requirements. We have waited long for this and the bill must be passed by the House this summer if we are to meet our responsibility for protection of our land and water.

Some areas of the country have already experienced devastating impact from coal strip mining. Our area of the West with the world's largest strippable coal deposit, the Fort Union coal field in Montana, Wyoming, and the Dakotas, is in the beginning stages of coal development. Much of the coal is on Federal land or land where the Federal Government owns the mineral rights but not the surface, or in Indian reservations. State law does not adequately address itself to regulation procedures for reclamation on Federal or Indian reservation lands. Indeed, while there are some coal leases already outstanding on federally owned lands and on Indian reservations, none should be implemented by an approved mining permit until enactment of this national bill.

The very essence of prudent development of the Fort Union coal land deposits is the protection of the land and the water. Without that protection cemented in a national bill such as H.R. 11500, coal development could render permanent damage to one of the magnificent areas of America.

Because of the gravity and need for the bill. I find it appalling that a coalition led by the National Coal Association, American Association of Electrical Companies, and the administration are pooling their efforts to win the enactment of weakening amendments which would very much damage, perhaps gut, H.R. 11500.

I submit a letter I have received dated June 13, 1974, from Mr. David R. Toll, managing director and general counsel for the National Association of Electric Companies, located here in Washington. They concur with Secretary Morton's eight points criticizing H.R. 11500 and add six more objections to the bill.

Joining with the administration, they question these eight points in the bill:

The beginning standards for the interim programs which are already bobtailed and weak;

They object to a prohibition against mining in areas where reclamation would not succeed;

They question the section to prevent damage from subsidence from underground mining;

They want to strip mine the national forests;

They believe that the performance criteria necessary for adequate reclamation should be watered down;

They favor large open pit mines to mine other metals even when a State and locality has determined that it is extremely damaging;

They insist on only a bond to pay off the rights of the surface owner to his private property—which would give the coal companies what amounts to the right of eminent domain;

They oppose the provisions of the bill to authorize funds for mining and mineral research centers.

The National Association of Electric Companies goes beyond those eight points and throws in six more, objecting to the following:

First judicial review procedure in sections 222 and 223;

Second, abandoned mine reclamation, including the funds that go for impact

help to current mining areas where schools and roads and health care needs must be provided for greatly expanding population in rural areas;

Third, the entire title V, which delegates the responsibility for administration of the reclamation program;

Fourth, the Indian program, which recognizes tribal authority over their own reservation lands;

Fifth, confidentiality of information;

Sixth, the procedure for citizen suits outlined in section 222.

I find it depressing that these utility companies join with the National Coal Association representatives, the White House staff and Federal Energy Administration officials, who are not too familiar with the bill, to attempt to revise, delete, and tamper with requirements that are necessary to enact into law to make certain the land is reclaimed and water is protected, and that private property owners are not deprived of their rights.

Using some tables that indicate how much coal is available by means of strip mining and attempting to apply these rather lenient regulations to the bill to say that production will be held back, this coalition would attempt to stampede an energy-conscious House into adopting their misguided and misconceived beliefs about land and water protection.

The fact is that many States where coal strip mining has long been practiced, such as Ohio and Pennsylvania, already have provisions that, in some instances, are stronger than this bill contains. These States will undoubtedly continue as they are doing now, conducting their own program and allowing mining of coal under regulations which are stronger than what this coalition seems to deplore. But the focus of coal mining activities is turning toward the West and the Fort Union deposit that I previously mentioned. Producing more coal from that region must hinge on passage of a strong measure. H.R. 11500 as it will reach the floor is none too strong; to weaken it might jeopardize any possibility of western coal development.

I would be most apprehensive and I believe the rest of the citizens in our region of the West would be most apprehensive if we pass a bill which would allow Federal coal underlying so many millions of acres of the State to be mined to the detriment of our land and water. Without an adequate bill at least as strong as this one as approved in committee the threat to our area is very real. If a weak bill results, we would seek every remedy available to citizens to protect our rights, our homes, and the land and the countryside.

Indian tribes, I believe, feel the same way and would resist being run over by mining practices that would leave their lands or their water resources in poorer shape than they are now.

I urge all Members of the House to show concern for the national need of a strip mining reclamation bill, H.R. 11500, as it is without being weakened. I can assure my colleagues of the House that, in my judgment, this is the proper step to take in order to meet our dual responsibility to protect our land and water and to provide an opportunity for prudent and wise development of our coal resources, particularly in the West.

The letter follows:

NATIONAL ASSOCIATION
OF ELECTRIC COMPANIES,
Washington, D.C., June 13, 1974.

Hon. JOHN MELCHER,
U.S. House of Representatives,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN MELCHER: As you requested, this letter will summarize our position with respect to H.R. 11500, the proposed coal surface mining bill. We have reluctantly concluded that numerous provisions in the bill, if enacted, would cause a decrease in current production, and would delay commencement of needed new coal surface mining operations.

The specific provisions in the bill which would cause a decrease in coal production are well summarized in the letter dated May 29, 1974, from Secretary of Interior Rogers C. B. Morton to the Hon. James A. Haley, Chairman of the Committee on Interior and Insular Affairs (reprinted at pp. 234–240 of House Report 93–1072, the Committee Report on H.R. 11500).

Secretary Morton's letter lists the objectionable provisions in H.R. 11500, as reported, as follows:

(1) Interim Program (Sec. 201)

(2) Designating Lands Unsuitable for Mining (Sec. 206)

(3) Surface Subsidence from Underground Mining (Sec. 212)

(4) Exclusion of Surface Mining in National Forests (Sec. 209)

(5) Performance Criteria (Sec. 211)

(6) Non-Coal Mine Environmental Impact Control (Title VI)

(7) Surface Owner Protection (Sec. 709)

(8) Mining and Mineral Research Centers (Title VIII)

In addition the addendum to Secretary Morton's letter lists additional defects in the bill as follows: (a) judicial review; procedure (Secs. 222 and 223); (b) abandoned mine reclamation (Title IV); (c) responsibility for administration of program (Title V); (d) Indian program (Title III); (e) confidentiality of information; and (f) citizen suits (Sec. 222).

Secretary Morton's letter also includes a table (reprinted at p. 238 of the Report) which indicates that the provisions of the bill, taken as a whole, could result in coal production losses of up to 187 million tons in 1975 and up to 271 million tons in 1980. If these losses are indeed realized, the electric power industry will face severe fuel shortages, with resulting impacts on systems reliability and forced blackouts and brownouts in many parts of the United States.

We also agree generally with the Dissenting Views of ten members of the Committee as summarized on pages 200–201 of the Committee Report.

I hope you understand that our concern with this legislation is because of the obligation under numerous State and Federal statutes, for electric utilities to meet their customers' needs, and furnish a reliable supply of electric energy at reasonable rates, with due regard to protecting the environment. We fear we would not be able to meet this obligation under H.R. 11500 in its present form, as interpreted by the Department of Interior, which would administer the law, because we would be faced with severe fuel shortages. If more reasonable legislation, which would correct the deficiencies listed above and would not cause a cutback in coal production, can be recommended, we would be happy to support it.

Sincerely yours,

DAVID R. TOLL.

Mr. BURTON. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman.

Mr. BURTON. Mr. Speaker, I would like to give notice that I support the gentleman from Montana in his approach to this matter and associate myself with his remarks.

Mr. MELCHER. I thank the gentleman.

I now yield to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Speaker, I would like to join the gentleman in the remarks he has made dealing with strip mining legislation.

Many years ago as a young man I sponsored the first strip mining legislation in the history of the United States in my good State of Pennsylvania. Over the years we developed a strip mining law that has been acclaimed by all who participate in it and those who have visited the State of Pennsylvania and seen the wonders we have created there.

I am hopeful that this legislation we will be presented with will follow somewhat along the lines that we have in Pennsylvania, which has been gained through the knowledge we acquired from experience there.

Stripping tears up the land; it can destroy ecology and environment; but properly handled it can bless us with the benefits of energy that we get from coal. It can also leave, after it has passed, a land not deformed, not destroyed, with the values retained.

To the gentleman I say I wish you well in your efforts.

Mr. MELCHER. I thank the gentleman from Pennsylvania.

I can assure him that the House bill tries to match the requirements of the State of Pennsylvania reclamation law with regard to maintaining the integrity of the land and the preservation of water resources.

GENERAL LEAVE

Mr. MELCHER. Mr. Speaker, I ask unanimous consent that I may have permission to revise and extend my remarks and include extraneous matter, and I ask unanimous consent that all Members who desire to do so may have 5 legislative days in which to do so.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. RONCALIO of Wyoming. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I am happy to yield to the gentleman from Wyoming.

Mr. RONCALIO of Wyoming. Mr. Speaker, the very property rights of Montana and Wyoming people will be at stake when major coal areas of the West are stripped.

Wyoming alone has 18 companies ready to mine on leases through the Powder River Basin. These lands in Wyoming are largely held by ranchers and farmers who originally carved their homes and livelihood out of raw prairie and sage brush. These independent people of today's West are the living legacy of their homesteading fathers and grandfathers who tamed the land and grazed their cattle across the shortgrass prairies. They have chosen to continue the hard

rugged ranch life of the high plains. This land is their very livelihood, their past, and their chosen future.

The Powder River Basin rancher, the eastern Montana and North Dakota rancher and farmer, must have something to say about the future of his land. When these lands were homesteaded, the mineral rights were retained by the Federal Government without a great deal of need for concern by the homesteader. Strip mining was not with us in those days. Now the rancher is confronted with the possibility that his land will be mined right out from under him and his entire way of life will be wiped away.

H.R. 11500 contains provisions offered by JOHN MELCHER of Montana in the Interior Committee which will provide the landowner with the opportunity to have some say about what will happen to his land and his future. Without these provisions, we are extending to the coal companies the right of eminent domain and wiping out the private property rights and control of the landowner.

The retention of the Melcher language is essential to ranchers in the West. This is a personal appeal for your support of these provisions and the entire bill, 11500, which must be passed over any substitute in order to give coal resource States adequate protection from the scourge of reckless strip mining, and yet allow the extraction of needed energy supplies under workable and reasonable control.

While we are largely discussing here this evening provisions in H.R. 11500 intended to protect the surface owners and ranchers in the West from having their lands stripped away from beneath them without any say, there are other provisions in the bill of particular importance which are also coming under attack. Section 206 of the House strip mine bill deals with the designation of certain areas unsuitable for surface coal mining.

We would be led to believe by the coal lobbies that section 206 would remove enormous quantities of coal from the reaches of an energy hungry Nation by the passage of this bill. Once again, the charges being levied and circulated are without foundation and are an emotional attempt to ignore the facts and actual sound provisions of section 206.

Lands will not immediately, nor without justification be removed from strip mining plans. As a condition for approval by the Secretary of the Interior, a State program must establish a "planning process" to determine if lands should be designated as unsuitable for strip mining operations.

H.R. 11500 does not designate a single acre as unsuitable for strip mining itself, it merely requires a State to set up a process through which such designation would be possible. When such designations are made. they will not prevent mineral exploration.

The criteria for designation are narrow so that it is unlikely that large coal resource areas would be so designated. Furthermore, decisions to designate areas as unsuitable must be based upon competent and scientifically sound data in an objective manner.

The criteria set forth in the bill briefly is as follows:

First. The only mandatory designation is for areas where reclamation is not "economically or physically feasible," however, an operator can mine an unreclaimable area if he has already made a substantial legal or financial commitment to do so.

Second. The burden of proof for unsuitability is on the petitioner, not the regulatory authority.

Third. Designation does not apply to any existing operations or future mining operations "where substantial legal and financial commitments have been made prior to September 1, 1973."

Fourth. Designation is limited in use to any person adversely affected rather than to any interested party.

Fifth. Prior to designation, the regulator authority must prepare from existing and available information a statement on the potential coal reserves in the area affected, the overall demand for coal, and the impact of the designation on the environment, the area's economy, and the supply of coal.

Sixth. Once designated an area can later be redesignated.

Proper notice, public participation, and hearings prior to making a designation or redesignation are required.

Within the designation process for lands unsuitable for mining, the following criteria are essentially what would qualify an area for withdrawal:

First. If surface coal mining operations are incompatible with essential governmental objectives;

Second. If the lands are fragile or historic;

Third. If they are renewable resource lands; or

Fourth. If they are natural hazard lands.

Again these provisions of section 206 apply only to those coal resource lands on which there is no strip mining on the date of enactment of this legislation or for which there is no substantial legal or financial commitment to strip mine prior to September 1, 1973.

When taken in its context, the language of section 206 and its provisions for designation of certain areas as unsuitable for strip mining are far more reasonable than those working to kill this bill would have the House believe. I hope that Members will take the time and trouble to study section 206, read provisions for protection of the surface owner, and the entire H.R. 11500 and form their own conclusions about the necessity and workability of this legislation rather than relying on the emotional attacks on it from within this body and from the coal industry itself.

In conclusion, Mr. Speaker, let me say that despite almost desperate attempts to obstruct the committee's consideration of H.R. 11500, the House Committee on Interior and Insular Affairs favorably reported by a vote of 26 to 15 this important legislation to regulate coal stripping. The action clears the way for consideration of this vital bill without which the best interests of the United States of America could not be served.

Mr. MELCHER. The distinguished gentleman from Wyoming is an outstanding leader in the fight to assure adequate reclammation law. He serves his State and the entire West meritoriously and with distinction.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman from Montana for yielding to me, and I certainly commend the gentleman for obtaining this special order in order to discuss what I consider to be, and many others consider to be the most important environmental issue that has faced this House in years—and I mean in years—certainly since I have been a Member of this House.

One of the things that I think is very important for people to realize about this bill is that it does not impose a Federal strip mining law. It simply says to each of the States that they should have the opportunity to regulate strip mining of coal in the State, but that all State strip mining laws should meet certain basic standards so that mining interests cannot whipsaw the States into watering down the essentials for sound strip mining controls and reclamation.

My own State of Ohio in 1972 passed a really tough strip mining and reclamation bill. Everybody thought that, as far as Ohio was concerned, all our problems would be over on the strip mining front.

As a resident of Ohio, I, along with countless other residents, have been heartsick to see what has happened to huge areas of our State where thousands of acres of the most beautiful and most productive land are located, that have been literally turned into something resembling the surface of the Moon by strip mining.

When Governor Jack Gilligan was fighting to get Ohio's strip mining bill passed 2 years ago, the mining companies said, "If you pass this bill we will go out of business in Ohio." Yet the ink was hardly dry before the Hanna Coal Company, which was one of the most vigorous opponents of the bill, was asking the State to allow it to move its Gem of Egypt, a mammoth power shovel, across Interstate Route 70 so that they could start strip mining on the other side. That is how much the bill put them out of business.

One of the other interesting things about the Ohio law is that it would comply right now with the standards that are set forth in this Federal bill. The State of Ohio could live with this Federal bill with hardly a change in its present law. The same is true with the State of Pennsylvania, and probably other States that have advanced strip mining control laws.

But what has happened in the State of Ohio since its law was passed in 1972 illustrates why we have to have a strong Federal bill. What has happened is that enforcement of the law has gotten under the control of the very same lobby, the strip mining lobby, that fought tooth and nail to keep it from being enacted.

Gov. John J. Gilligan, in accordance with the Ohio law, appointed the mem-

bers of the State reclamation board which hears appeals from the actions of the reclamation chief. One of the people he appointed as a public member had been a leader in the fight to lobby the bill through the legislature. He was hardly nominated before the strip mining operators lobby got the State Senate committee to vote against confirming his nomination. So that eliminated the member most likely to enforce the law.

Next, the Governor nominated a Mrs. Irene Horner, to be a public member of the board. She was on the board for some months, and in the course of that time voted several times sometimes favoring the strip miners' position, sometimes against them. But in May of this year, the chief of reclamation, in accordance with the law, declined to license a proposed strip mine on a very steep hill where there had been deep mines before and where he found a serious danger that stripping could release large quantities of water and mud which could endanger a village located at the foot of the hill.

The Ohio law says that where it would create a serious danger to public health and safety, the reclamation chief had the authority, in fact the duty, to refuse to license strip mining in a particular area. The strip mining firm appealed the reclamation chief ruling and the board of reclamation overruled the chief. Mrs. Horner dissented.

Mr. Speaker, at the close of my remarks, I should like to offer for the RECORD the dissenting opinion of Mrs. Horner and the Cleveland Plain Dealer article about the action of the board. The headline in the Cleveland Plain Dealer article is, "Coal Firm Buries Strip Mine Law."

The article follows:

[From the Cleveland Plain Dealer, May 1, 1974]

COAL FIRM BURIES STRIP MINE LAW

(By Richard C. Widman)

ST. CLAIRSVILLE, OHIO.—After an epic battle between conservationists and coal companies, the Ohio Division of Reclamation lost a major test of the state's ability to enforce the tough coal strip mining laws enacted in 1972 by the Ohio General Assembly.

A coal company has won the right to stripmine a hill that residents of the tiny Belmont County community of Crescent fear could wipe out their town with landslides and water unleashed from abandoned deep mines.

By a 4-1 vote with one member abstaining, the Strip Mine Reclamation Board of Review has overruled a decision by Raymond B. Lowrie, state reclamation chief, not to grant a strip mine license to Andrew Massimino, owner-operator of the one-man Joyce Coal Co. of St. Clairsville.

Although the review board will not announce its decision for several days, The Plain Dealer learned that the board granted Massimino's appeal and will order Lowrie to grant the Joyce Coal Co. a license to strip 2.9 acres of the slopes of the hill, which was described at public hearings as being "as precipitous as Mt. McKinley."

The unincorporated village of Crescent, population about 75, lies at the foot of the hill four miles northeast of St. Clairsville, about 130 miles southeast of Cleveland.

Belmont County is Ohio's hottest strip mining area.

Lowrie said yesterday he had not been notified of the board's decision and declined comment.

He said his department would have 30 days to appeal the review board's ruling to Franklin County Common Pleas Court in Columbus.

Massimino could not be reached for comment yesterday.

However, his lawyer, Hugo Alexander of Steubenville, said, "There is no danger whatsoever to the people of Crescent; that has been testified to by experts."

Alexander said the community is too far from the site to be damaged "even if the whole hill collapses."

The lawyer said the area would be "beautified" by Massimino's reclamation of the site after the coal is brought out.

The board, in overruling Lowrie, considered testimony by reclamation division experts and soil scientists for the U.S. Soil Conservation Service at public hearings held March 12 and 13 in St. Clairsville.

Coal company witnesses testified that a ditch to be dug around the hill would drain water away from the village.

The also testified that the hill would not slip onto the village and that abandoned deep mines that might be unsealed by stripping probably do not contain water.

The state witnesses testified that the area to be stripped is saturated with water and there is "substantial evidence that much of the water comes from old dead mines in the area."

The state witnesses pointed out that the coal company's map submitted with a reclamation plan indicated that the hill has a slope of 22 degrees, while field inspection by the reclamation department showed the slope to be about 35 degrees, approximately the same as Mt. McKinley in Alaska.

According to the judgment of the state experts, it would be impossible to reclaim such a steep slope to state standards.

State witnesses also testified that "landslides are prevalent" in the area to be stripped and have blocked creeks and flooded county roads in the past.

"In addition to possibly blocked creeks, landslides destroy vegetation, adversely affect virgin ground and contribute to sedimentation in waters of the state," the reclamation department stated.

Mrs. Irene Horner of Cleveland, who cast the only "no" vote on the board, wrote in her dissenting opinion:

"Mr. Massimino has stripped in the area around Crescent previously. An abandoned shovel and red water gushing from the denuded hillside across the road from the area in question offer mute testimony about the area mined and 'reclaimed' by Mr. Massimino under contract with Oliver Coal, without a license, according to the hearing record."

According to the reclamation department, the Oliver Coal Co. was fined for not reclaiming a strip mined site adjacent to the hillside site for which Massimino applied for a license as owner-operator of the Joyce Coal Co.

Massimino, who did the work for Oliver Coal, was not fined, however.

Mrs. Horner mentioned in her dissenting opinion Lowrie's comment that the Crescent site is "one of the worst sites to mine he has seen in Ohio . . ."

She referred to Massimino's remark at an on-site inspection that the slope was so steep he would have difficulty getting equipment up to the mine.

"The people who live daily with the problems created by stripping and who lack the power to protect their rights," Mrs. Horner wrote, "are unlawfully made to assume the true cost of mining, the cost the company doesn't pay: damage to their property, their environment and their peace of mind.

"To let this continue to happen in Ohio would be contrary to the intent of the 1972 strip mine law."

DISSENTING OPINION OF IRENE P. HORNER, PUBLIC MEMBER

I contend that my fellow Board members failed to appreciate the serious potential for environmental and social disruptions resulting from any stripping operation which would be conducted on the area in question. Testimony of expert witnesses, stripmine inspectors, and area residents indicated that there is a real danger of landslides and of possible re-opening of old deep mine workings with release of unknown quantities of water which could endanger the citizens of Crescent, Ohio. These were but two of the many compelling reasons justifying the denial of a license to strip the steep hill above Crescent. Furthermore, the great probability of spoil sliding down the steep slope to places where it couldn't be returned to the license area indicates that the area is not susceptible to reclamation. Partly for this reason, a federal bill to ban stripping on steep slopes of more than 15° is being given serious legislative consideration; the area Joyce Coal proposes to mine has slopes of up to 35°! (At the on-site inspection made by the Board, the operator, Mr. Massimino himself, mentioned the difficulty of getting equipment up the slope to mine.)

Stripping on steep slopes leaves hillsides which continually slip and slide, destroying vegetation, and filling streams with silt and sediment. The people who live daily with the problems created by stripping and who lack the power to protect their rights are unlawfully made to assume the true cost of mining—the cost the company doesn't pay; damage to their property, their environment (streams, roads, etc.), and their peace of mind. To let this continue to happen in Ohio would be contrary to the intent of the 1972 Stripmine law—the law which it is the responsibility of the Ohio Reclamation Board to uphold. The Board is not authorized by statute to substitute its judgement for that of the Division of Reclamation's chief regulatory officer; it is merely required to determine if his orders are "lawful" and "reasonable" in the face of potential threats to the environment of Ohio or to the well-being of its citizens. That a potential for damage existed was clearly shown by the evidence in the case, and the Chief's order was, therefore, reasonable.

I feel that the Board ignored the preponderance of evidence and rested too much of its decision on only one aspect of the case: the question of the adequacy or inadequacy of a proposed drainage ditch to divert some of the water running off the area. Virtually ignored in the deliberations were the following points:

1. Mr. Massimino has stripped in the area around Crescent, Ohio previously. An abandoned shovel and red water gushing from the denuded hillside across the road from the area in question offer mute testimony about the area mined and "reclaimed" by Mr. Massimino under contract with Oliver Coal (without a license, according to the hearing record). Furthermore, the bond on a number of old licenses is not released yet, an indication that the operator may not satisfactorily reclaim his new licenses either.

2. The testimony of Mr. J. D. Feisley, District Conservationist for the Soil Conservation Service, predicted the erosion problems which can be expected if an attempt is made to take water down a 19° slope as planned in Joyce Coal's license application.

3. Mr. T. N. Ruble, S.C.S. soil scientist, testified that clay soil types of the area carried a moderate to severe hazard of land slips (depending on the steepness of the slope), and, on the site, slopes were steep to very steep. With respect to the operator's proposed topsoil storage site, Mr. Ruble warned that an additional load on a clay soil on a steep slope would further decrease

stability, leading to a possible slip of topsoil or downslope movement.

4. The danger of slides and the near-impossibility of controlling run-off was again emphasized by Mr. Ray Lowrie, Chief of Reclamation. His comment that, in his experience in the state, this is one of the worst sites to mine he has seen in Ohio should not have been ignored.

His decision to prohibit mining in such an area was unquestionably a reasonable one, and one that was required of him by Section 1513.07 A (9) of the Ohio Revised Code. The operators complete plan for mining and reclaiming which "the chief shall approve . . . IF . . . the plan does not pose an actual or potential threat of water pollution or detrimental environmental impact" and "The chief shall disapprove any plan . . . which fails to provide reclamation . . . or which would result in pollution of waters of the state, substantial erosion, substantial deposition of sediment, landslides, accumulation or discharge of acid water, or flooding."

[From the Cleveland Plain Dealer, June 7, 1974]

ENVIRONMENTALIST OUSTED FROM MINE BOARD

(By Brian T. Usher)

COLUMBUS.—The Ohio Senate, in a surprise move yesterday, ousted Mrs. Irene P. Horner of Cleveland from the Ohio Reclamation Board of Review, which regulates strip mining.

It was the second time the Senate has refused to confirm an outspoken environmentalist from Cleveland appointed by Gov. John J. Gilligan to represent the public.

On Dec. 15, 1972, the Senate rejected Theodore J. Voneida, a Case Western Reserve University professor. Voneida suggested yesterday that Gilligan reappoint Mrs. Horner.

Senators backed by strip mining interests rejected Mrs. Horner 22–6 with only three Democrats backing the Gilligan appointment.

Mrs. Horner, an anaytical research chemist for the Standard Oil Co. (Ohio) and chairman of the Northeast Ohio Sierra Club, had served on the board for a year and often was an outspoken dissenter on strip mining decisions.

Senators quietly rejected her appointment yesterday with no floor debate, but several said later they felt she was too "anti-coal industry" to help regulate strip mining.

"If we are going to have public members, we can't have somebody who has already prejudged all the issues," said State. Sen. Harry Meshel, D–33, of Youngstown, a Gilligan loyalist who opposed Mrs. Horner. Meshel has carried legislation for strip mining lobbyists.

Mrs. Horner said she was amazed the coal industry "had so much power to be able to pick and choose the public members" of the board.

She complained she had not been given a chance to present her side to the senators in a public hearing and noted that she had voted for the strip mining industry in certain cases before the board.

Mrs. Horner also said the governor's office must accept some of the blame for the rejection vote.

Gilligan was en route back to Columbus from a governors conference in Seattle, Wash. William A. Chavanne, Gilligan's legislative aide, and other aides learned about the vote from reporters several hours afterwards and were surprised by the number of Democratic senators who voted against Mrs. Horner.

During the same session, the Senate unanimously confirmed James W. Collinson, Ohio State University geology professor, as one of three members representing the public on the seven-member reclamation board.

Sen. Paul R. Matia, R-25, of Westlake, who supported Mrs. Horner, said, "I see no reason an environmentalist can't sit on the board. I see no evidence she is not qualified to represent the public."

William Napier, legislative aide for the Department of Natural Resources, said, "The other side (strip miners) is well represented on the board. We thought she would express a viewpoint not otherwise represented."

Other senators who supported Mrs. Horner were Ronald M. Motti, D–24; M. Morris Jackson, D-21, Clara E. Weisenborn, R-5, of Dayton, Donald E. Lukens, D-4, of Middletown, and Tony P. Hall, D-6, of Dayton.

Mrs. Horner, 31, was the lone dissenter in a controversial ruling by the board last month that allows the Joyce Coal Co. to strip a hill near Crescent in Belmont County.

Crescent is in the district of Sen. Douglas Applegate, D-30, of Steubenville, who was a key figure in the maneuver to oust Mrs. Horner, as was Sen. Harry Armstrong, R-17, of Logan, chairman of the Senate Conservation and Environment Committee.

Both senators have supported mining company bills.

The rejection is likely to produce cries of outrage from Ohio environmental groups, which had protested Voneida's ouster in 1972.

Voneida yesterday blamed "arrogant larger corporations who can't accept any diversity of opinion" for "this most disgusting blatant slap in the face of Ohioans who through their legislators voted for strip mining controls."

But that is not the end of the story. Mrs. Horner's appointment to the Board had still not been confirmed by the Senate. Within days of her dissenting opinion, the Senators in charge of the Senate committee held a meeting regarding Mrs. Horner. They did not notify her. They did not call witnesses. They simply voted not to confirm her.

So the second public member was ousted from that Board, and the Governor is now trying to find a new one.

The lesson in that, Mr. Speaker, is crystal clear. The State passed a strong strip mining control law, one that is in accordance with the standards laid down in H.R. 11500. But when it came to enforcing it, the same lobby that opposed it has succeeded in nullifying effective enforcement.

Ohio has a strong strip mining law. Pennsylvania has a strong strip mining law. Possibly other States do. But I think I have given the Members an example why we must have H.R. 11500, so that we can be sure that the States not only enact laws to end the worst features of strip mining but also enforce the laws they enact.

Mr. MELCHER. I thank the gentleman from Ohio for his very pertinent and knowledgeable remarks. I hope that we are able to aid such States that have already adopted strong strip mining regulation laws on their own, with the overall guidance and support of the Federal strip mining reclamation bill.

Mr. Speaker, I yield to the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Speaker, I should like to add my commendation to the gentleman from Montana for his remarks on the strip mining bill, because he and the gentleman from Ohio and several others on the House Committee on Interior and Insular Affairs have fought long and hard against extreme and persistent pressures in an endeavor to bring out a bill which they believe is workable.

The gentleman from Montana knows, of course, that he and I have sincere differences over the strength of H.R. 11500.

Yet I would like to commend the gentleman for the way he stood up against the pressures of these lobbying interests, the coal interests, the utilities, and others who tried to shake him and chain him and change his position.

I would like to ask one or two brief questions of the gentleman from Montana because he mentioned that the interim standards were not as strong as he would like them to be. I certainly share that conviction. It seems to me we are giving a blanket opportunity for 3 years or more for these stripping interests under very, very weak standards to continue to rip up the landscape.

I would like to ask the gentleman from Montana if he has any plans to try to strengthen these standards when the bill comes to the floor for debate?

Mr. MELCHER. I would very much like to join with other Members of the House for a real overhaul of the interim standards. I believe that is due and needed. We attempted to do that when we considered the bill in committee and were not successful in doing so. If the opportunity is provided I would like to join with other Members of the House to do so here on the House floor.

But I would like to assure the gentleman from West Virginia that I believe the interim standards contained in the Senate-passed bill are of stronger and more meritorious quality than those presently in H.R. 11500.

Should we not be able to strengthen the House bill as it passes here on the floor, I would hope the conferees would view with a great deal of support the interim standards that are in the Senate bill. I think there is a real hope that at least in conference, if it is not accomplished here on the floor, we will be able to come up with stronger interim standards.

Mr. HECHLER of West Virginia. I appreciate the remarks the gentleman made, even though I would disagree in terms of trying to take a pig in a poke with the possible hope that in the future it might be strengthened in conference.

Mr. MELCHER. I join with the gentleman from West Virginia in wishing that we would not be forced into the position of taking a "pig in a poke," in this regard but I feel relieved that at least the Senate version of the bill on the interim standards is in better shape than the provisions which presently are in H.R. 11500.

Mr. HECHLER of West Virginia. If the gentleman will yield further, there are a number of loopholes even in the permanent standards in the bill that I hope will be given attention on the floor. And I will cite others when I have my own time—but section 411(b)(14) provides the operator is required to minimize disturbances to the prevailing hydrologic balance and quality and quantity of water. It seems to me that simply to minimize disturbance when we are talking about something as precious as water, especially in the area the gentleman knows, where there is very little rainfall, simply does not seem adequate. Simply to minimize disturbance is not enough to protect the quality of water.

In many other instances this bill contains loopholes similar to the one I mentioned. I would like to get the gentleman's opinion as to what is planned to be done with these loopholes in the bill.

Mr. MELCHER. My friend, the gentleman from West Virginia has hit on one of the weak points in the bill that disturbs me concerning the protection of our water resources throughout the Nation, but the gentleman from West Virginia is entirely correct also in stating that this is of particular significance to us in the West.

I would hope that either on the floor—or in conference strengthening provisions for water protection—we will be adopted.

I find all too often in H.R. 11500 we have permitted ourselves in the Interior Committee to relax on points where we should have been more direct in assuring water and land protection. But nevertheless I do find in H.R. 11500 a workable plan that we can go ahead and use and have confidence it will protect both our land and water resources.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentleman yield further?

Mr. MELCHER. I am glad to yield further to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Speaker, would the gentleman agree with me in characterizing as "hogwash" those charges that H.R. 11500 is a punitive bill which will destroy the coal industry?

Mr. MELCHER. I would join with the gentleman from West Virginia, and I would brand that as an outright distortion that the requirements of H.R. 11500 would force discontinuance of coal mining operations. It simply is not true. It is a smoke screen. It is an outright deceit to indicate that.

Mr. HECHLER of West Virginia. If the gentleman will yield further, Is it not true that a preponderance of the coal resources of this Nation are mineable by deep mine means rather than strippable means?

Mr. MELCHER. I cannot address myself to that point. My experience in our coal mining operations in the West, where the stripping operations are developing, show that the overburden that is removed in many instances is 30 feet or so. It might be difficult to deep mine a vein of the coal that is 30 or 40 feet deep, where the overburden is 30 to 50 feet on top of it.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman for yielding to me.

One of the things that the bill contains is a series of findings at the start of the bill, and one of the findings I am now reading from, finding No. 4 as set forth in the section analysis, page 127 of the committee report, states: "Known coal reserves are accessible only through deep mining and therefore the existence of that portion of the industry is essential to the national interest."

An awful lot of figures have been bandied about on this subject, but it is generally, I think, conceded that 97 percent of all the Nation's coal reserves are not recoverable by strip mining, which means only 3 percent of the total is recoverable by strip mining. Some coal resources are not recoverable by any mining at the present time with present technology, but even if we eliminate them, the ratio of recoverable deep coal to strippable coal is 8 to 1. In other words, only one-eighth of all the easily recoverable coal reserves can be recovered by strip mining. This emphasizes to me the importance of providing, through this bill, some way to insure that the deep mining industry is not going to be made less competitive by any legislation which we enact.

There is another aspect that I would like to emphasize. Over 2.5 million acres of land in this country have been stripped and not reclaimed, and there are also many thousands of acres that have been covered with dangerous and unsightly "gob" piles from deep mines, and there are many abandoned deep mines pouring acid water into our streams. The bill does provide a small means to start the job of restoring these abandoned lands and ending the pollution and hazard resulting from the surface effects of the deep-mining activities.

I assume that the gentleman is in accord with that objective.

Mr. MELCHER. Mr. Speaker, I am in accord with that objective. I also recognize that while we are attempting to restore the lands that have been devastated and have not been taken care of or reclaimed in other areas where mining has been done, we must also recognize that the impact that mining brings to some rural areas should be recognized too. I am pleased that a portion of that fund, would be retained for those purposes, to meet the needs of schools and roads and health care. Additional needs for these purposes are brought about by the sudden buildup of population in the rural areas that cannot possibly be taken care of without some additional finds being provided.

H.R. 11500 will provide some relief for these purposes where coal strip mining is being done.

Mr. SEIBERLING. When the bill reaches the floor, as the gentleman knows, I plan to offer an amendment to increase that fund, and I will be putting some more material in the RECORD on that.

If the gentleman will yield further, I wonder, what the gentleman's feelings are as to the really absurd charges that have been made against this bill concerning its effect on the viability of the coal industry?

Mr. MELCHER. I find it very alarming that a series of figures have been advanced from the Bureau of Mines that seem to indicate certain provisions of the bill that would make requirements for reclamation mandatory would also decrease the potential of coal development in this country that is needed. I do not find much validity in the figures they advance. I think they are speculative. I think they are based on facts that are not properly understood about reclamation procedures, and I do not believe that they were told to the committee during the extensive hearings that we held, nor were they developed in the record of the hearings that the committee held over those months.

I think they are now advanced in the form of a smokescreen to confuse the House, an energy-conscious House, and, hopefully, to weaken and water down a bill which, after all, is only a minimal bill as far as requirements are concerned.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield further on that?

Mr. MELCHER. I will be delighted to yield.

Mr. SEIBERLING. As I mentioned in my remarks earlier, the same type of attack was made on the Ohio law when it was being worked through the State legislature 2 years ago. The president of one of the leading stripmining companies announced that his company would have to shut down and hundreds of people would be out of work. In fact, they have not shut down, but have expanded their operations in Ohio since the law was passed.

If the gentleman will yield me 1 minute, I have some very interesting facts here that were dug up by the staff of the subcommittee when we were working on this bill.

The subcommittee staff study revealed that coal lost markets only when its price closely approached that of fuel oil.

In 1969, when coal was considered to be in a strong competitive position, the average price of coal delivered to utilities was 28 cents per million Btu and oil was 30 cents per million Btu. Since then the price of oil, as we all know, has skyrocketed, and by the first quarter of 1973 the average price had risen to 39 cents for coal and 66 cents for oil. By December 1973 the price had risen to 52 cents for coal and $1.20 for oil.

Now, even if it cost a dollar per ton on the average to carry out the reclamation features of this bill—and I suspect that is high—that would add an average charge per ton of coal of 4 cents per million Btu. So that taking those 1973 figures, which are the latest ones we have from the staff study, we would have the price of coal going up to 56 cents per million Btu for coal as compared to $1.20 per million Btu for oil.

Even if H.R. 11500 added a dollar a ton to the cost of mining coal, which is much higher than anybody expects, that is just insignificant competitively in view of the difference in price between coal and oil.

Some people say, "Well, wouldn't that add a burden to the consumer?" Well, if we added a dollar a ton, we are talking about an increase of about one-tenth of 1 cent per kilowatt hour to the average cost of electricity. Compared to the increases that have already taken place in the last 12 months, this is miniscule.

So, Mr. Speaker, this charge that H.R. 1150 would make coal noncompetitive and would prohibitively raise the price of electricity to the consumer is just, as the gentleman from West Virginia said, "hogwash." It does not hold up when you look at the facts.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Speaker, in the colloquy which the gentleman from Montana had with the gentleman from Ohio, he referred to the fact that the Bureau of Mines was bringing forth some figures to indicate the coal industry was threatened. It seems to me a little bit more than coincidental that the information seemed to parallel information being produced by the lobbyists for the coal industry.

I think it is about time that we in the Congress demand that these agencies that are paid for by the taxpayers and that are supposed to be representing the public interest really stand up for the public interest and not simply mouth and mirror and echo the statistics and contentions and propaganda of the industry which they are supposed to be overseeing.

Mr. MELCHER. Mr. Speaker, I thank the gentleman for his remarks.

STRIP MINING MUST BE ABOLISHED

The SPEAKER pro tempore. Under a previous order of the House the gentleman from West Virginia (Mr. HECHLER) is recognized for 30 minutes.

Mr. HECHLER of West Virginia. Mr. Speaker, at the time that H.R. 11500, the Surface Mining bill is presented on the floor of the House, I will offer a substitute, H.R. 15000, which will phase out the surface mining of coal in 6 months in mountainous areas—where the slope is more than 20 degrees—and in 18 months in relatively flat areas—where the slope is less than 20 degrees.

Mr. Speaker, this Capitol building is literally crawling with lobbyists for the big coal and utilities interests. This week the National Coal Association meeting has assembled the top executives in the coal industry to help lobby against strip mining regulations.

These lobbyists are running around telling Congressmen that the Interior Committee bill, H.R. 11500, is too tough, that it will put the coal industry out of business, that it will cripple the Nation's energy effort. I never heard such hogwash. The bill which the coal and utility lobbyists are attacking, H.R. 11500, is in fact a milk-and-water, namby-pamby, weak-kneed compromise which will do little to halt the rape of the hills in Appalachia.

If you really want to protect the land and the people, and at the same time meet the energy needs of the Nation, the only sensible course of action is to phase out strip mining as provided in my bill, H.R. 15000, which I will offer as a substitute when we take up strip mining legislation. We have 356 billion tons of deep-minable coal as against 45 billion tons of strippable coal—a ratio of 8 to 1 in coal which is economically recoverable with the use of present technology. To meet the Nation's energy needs, we must concentrate on deep mining, or all the strippable coal will be exhausted at the rate we are rushing to gouge it out.

WEAK INTERIM STANDARDS

I am disappointed in H.R. 11500. It starts out with ridiculously weak "interim standards" for the first 3 years or so. During this period, the strippers are allowed to engage in scalping off the tops of mountains, a favorite form of Appalachian devastation. No standards are even included to require the prevention of erosion and acid drainage, the control of blasting, or the handling of toxic materials and auger holes. Exceptions are even permitted to the requirement to restore to original contour if the operator can show that exceptions would allow him to achieve "an equal or higher post-mining economic or public use" of the land or if the operator can show difficulty in obtaining equipment for reclamation.

After 3 years, the restrictions are supposed to get tougher, but strippers will have a field day streaming through the giant loopholes. The door is left wide open for the kind of lax enforcement we have seen under most State laws.

Come with me some weekend to West Virginia, or if you do not have time, just fly over our pock-marked and scarred mountains. We have had State strip mining reclamation laws on the books in West Virginia since 1937, amended and "strengthened" many times—most recently in 1971—but they have not protected either the land or the people in our beautiful mountain State. And still this bill H.R. 11500, the bill the coal industry tries to tell you is so tough, hands over the primary authority to the States. This is the same, sad story of ineffective action which the coal miners of this Nation suffered under weak State regulation of safety in the coal mines. As long as you have the tremendous pressure for production and profit, along with strong economic competition across State boundaries, strong Federal leadership is vital to protect the land and the people. The history of State legislation and its administration proves that action on the State level on the regulation of strip mining has always proven ineffective.

INTERIOR DEPARTMENT IS PRODUCTION-ORIENTED

What little Federal authority there is in H.R. 11500, in setting general guidelines, is unfortunately vested in the Department of the Interior. This is the same Department of the Interior which has denounced H.R. 11500 as being too strong a bill. In his letter of May 29 to the chairman of the House Interior and Insular Affairs Committee, Secretary of the Interior Morton stated:

> We have made a study of the effects of the bill on coal production and . . . I am led to conclude that the bill will involve unacceptable coal production losses. . . . I cannot emphasize too strongly, however, that there remain serious objectionable features in the bill, which must be changed to strike the right balance between our need for environmental protection and our energy requirements.

This is also the same Department of the Interior whose Bureau of Land Management and Bureau of Indian Affairs was strongly criticized by the General Accounting Office in its report of August 10, 1972 for failing to enforce its own strip mining regulations against the strip mining of coal on Indian and public lands.

My bill, H.R. 15000, would give primary authority for enforcement to the Environmental Protection Agency, which among other things has had long experience in water quality control—so essential to protect against the pollution caused by strip mining.

The hills of Appalachia are bleeding from the ravages of strip mining. On the steep slopes of our mountains, trees are ripped out, topsoil is loosened to slide down the mountains, once-clear streams are filled with silt, sediment and acid, wildlife habitat is destroyed or disturbed, and the people in the hollows are shaken by blasting, boulders, flooding, and moonscapes. There are powerful arguments to support a nationwide ban on strip mining, but since the most obvious and immediate damages are aggravated on steep slopes, the very least that we expect would be to have a strip mine ban in the mountains. H.R. 11500 completely ignores the question of prohibiting strip mining where the angle of slope is more than 20 degrees—where the utter impossibility of any form of so-called reclamation should be crystal clear to any school child.

GIANT LOOPHOLES IN STANDARDS

Instead H.R. 11500 includes the much ballyhooed "restoration to original contour" provision and a limitation on dumping of spoil on the downslope. Unfortunately, even these minimum standards are sadly compromised by possible variances for the construction of airports parking lots and commercial facilities on strip mine sites. Dumping of spoil below the bench, the major cause of landslides throughout Appalachia, is not really prevented. The limitation on dumping in section 211(c)(1) is gutted by the exception that "Where necessary spoil from the initial block or short linear cut . . . may be placed on a limited specified area of the downslope." "Initial block or short linear cut" is left undefined guaranteeing that the same downslope dumping with landslides will continue throughout the mountains. Other loopholes abound:

The operator is required in section 211(b)(14) to "minimize the disturbances to the prevailing hydrologic balance—and to the quality and quantity of water."

No limitations are placed on the mining of aquifers, the key water-carrying strata in the arid West.

Alluvial valley floors are not adequately protected in section 211(b)(14).

Erosion is not to be prevented, but rather "control as effectively as possible."

Instead of requiring that toxic materials be buried, compacted, and isolated to prevent water pollution, section 211(b)(7) merely requires that these materials be "treated or disposed of."

The bill fails to outlaw the use of impoundments for the disposal of coal waste—a coal waste impoundment was responsible for the death of 124 people in the Buffalo Creek disaster in 1972.

No restrictions are placed concerning how close to a stream, lake or river mining can take place—rivers could thus be relocated during mining operations.

Instead of preventing blasting where damages to stream banks, wells, ground water, nearby underground mines, and private property can be expected, 11500 merely "limits the type of explosives, the size, the timing, and frequency" of blasting.

The only really good features of the bill are the strip ban in national forests and fairly strong citizen participation provisions which mandate public hearings and citizen suits. Yet the weak "reclamation" standards mean that Congress is placing all the responsibility on the poor citizen in the hollow to go out and fight his own battles against the well-heeled legal talent of the coal company and its newest parent-in-law, the oil corporation.

SEIBERLING AMENDMENT SCUTTLED

With eight times as much coal which can be deep mined as stripped with present technology, you would think the Interior Committee would act to meet the energy needs by encouraging deep mining. The Seiberling amendment attempted to do precisely that, by equalizing the disparate costs of deep and strip mining through a $2.50 per ton tax on which rebates favored deep mining operations. The western stripping interests teamed up with the profiteering lobbyists everywhere to scuttle the Seiberling amendment in the closing days of the committee debate. The Jones amendment was adopted with a drastically lowered tax tied to Btu content which favored western strip mining at the expense of eastern deep mining, thus spurring the pell-mell coal rush westward.

In addition, the Jones amendment was further amended to allow 40 percent of the moneys generated to remain in the counties where the mining is being done. The moneys would be used for schools, roads, and hospitals rather than reclamation. An additional 50 percent of this fee could be checked off against State severance taxes. In effect, this could mean that up to 90 percent of the moneys generated by the Jones fee would be kept by the States for purposes other than reclamation of abandoned lands. The Seiberling amendment must be restored.

Much attention has focused on the "written consent of the surface owner" provisions in section 709. These provisions which require written consent of the surface owner before strip mining can begin are a good first step. This language prevents the notorious "broad form deed" used in Kentucky to ravage the land of people whose forefathers had mistakenly sold the coal rights. However, instead of merely requiring the written consent of surface owners where the Federal Government owns the coal, H.R. 11500 should prevent strip mining of private lands underlain by Federal coal. The fine Mansfield amendment in the Senate bill does this, and similar protection is needed in H.R. 11500. The Federal Government should not be a party to the destruction of someone's land—if we need the coal let it be deep mined as would be permitted under the Mansfield amendment.

Protection is also needed for the rights of tenants and of persons who hold interests in the land surface but do not own it. In Eureka Hollow in McDowell County in my congressional district, 21 families are being evicted by Consolidation Coal Co. to make way for a strip mine. Many of these families own the houses they live in, but not the land underlying the buildings.

Consol has refused to compensate these people, instead suggesting that they can take their houses with them or leave them to be smashed into rubble by the D–9 dozers. This is not an isolated case. As strip mining accelerates we can expect to see more and more people shoved aside to make way for the strippers. For hundreds of thousands of Americans, it would be a disaster to enact H.R. 11500. The only just answer is to phase out strip mining entirely. I urge you to support my bill for an orderly phase out, H.R. 15000, when I offer it as a substitute for H.R. 11500.

Mr. Speaker, I have listed some additional analysis of the interim standards, particularly in view of the fact that the gentleman from Montana (Mr. MELCHER) has indicated his desire to strengthen these standards:

SECTIONS OF INTERIM PROGRAM WHICH ARE WEAKER THAN PERMANENT STANDARDS

1. SEC. 201(b)(1) includes exception to limitation on dumping spoil on downslope which allows mountain top removal:

"The regulatory authority may permit limited or temporary placement of spoil on a specified area of the downslope on steep slopes in conjunction with mining operations which will create a plateau with no highwalls remaining, if such placement is consistent with the approved post mining land use of the mine site."

2. SEC. 201(b)(2)(B) allows variances from the revegetation requirements: "but not necessarily meeting the revegetation requirements."

3. SEC. 201(b)(4) allows exceptions to the requirement to segregate topsoil—state agricultural agency can certify that segregation of other strata or mix of strata is OK.

4. SEC. 201(b)(6) contains water standards weaker than those in permanent standards—does not require prevention of acid drainage, sealing of shafts and boreholes, limitations on water impoundments (does have same standards for waste dams as permanent however), language referring to aquifers and alluvial valley floors is much weaker: give "particular attention throughout the mining operation to the aquifer recharge capacity of the mining area and to the protection of alluvial valley floors and stream channels."

5. SEC. 201(b)(7) is the Taylor amendment which allows exceptions to limits on dumping of spoil and restoration to original contour:

"If the regulatory authority issues a written finding that one or more such standards cannot reasonably be met and that the permittee has shown by proper documentation that each specific item of equipment which is named in the petition as being essential to the performance of the standard in question, cannot be delivered by the manufacturer or supplier prior to the date on which the operation is required under this Act to be in compliance with said standards."

6. SEC. 201(d) allows exceptions to dumping limits and restoration to original contour if:

"The regulatory authority issues a written finding that one or more variations from these provisions will enable the affected land to have an equal or higher postmining economic or public use."

7. No standards are included for blasting, erosion prevention, handling of auger holes, water impoundments other than waste dams, and handling of toxic materials.

Mr. Speaker, I do not believe that reclamation—thorough and lasting reclamation—is possible except at a prohibitive cost. It is for this reason that I have consistently employed the word "stabilization" in my bill to apply to those steps necessary to prevent further damage. I include below an analysis and summary of the provisions of my bill, H.R. 15000:

SUMMARY OF MAJOR PROVISIONS OF H.R. 15000

SEC. 3. Administration of Act—vests complete authority for enforcement and administration of the Act in the Environmental Protection Agency.

TITLE I—ENVIRONMENTAL PROTECTION COAL MINING LIMITATIONS

SEC. 101. Phaseout Schedule—provides for: no new starts, end to all contour strip mining (20 degree slopes or steeper) in six months (six month interim governed by state laws), end to all small strip mines (under 500,000 tons annual production) and all large strip mines east of the Mississippi in 18 months, and gradual phaseout of all large western strip mines over a 4½ year period. This section also prohibits all coal mining, strip and deep, in any area of the Nat. Wildlife Refuge System, the Nat. Park System, the national forest system including the National Grasslands, the National Wilderness system, the Wild and Scenic Rivers system, areas under study as possible wilderness or wild and scenic rivers and in any State park, forest, or wildlife area.

SEC. 102. Permit Approval or Denial—requires all operators to obtain permit within six months of enactment, places burden of proof on operator to show that stabilization is feasible and that post mining land use is practical and consistent with surrounding uses. No permit can be granted where: the operation would be within 300 feet of any building or within 100 feet of any road, lake, stream, or creek, where the coal seam serves as the aquifer, and where the average annual precipitation is less than 10 inches.

SEC. 104. Effect on State Law—where state laws are more stringent, they are not considered to be inconsistent with this Act.

SEC. 105. General Environmental Protection Performance Standards—this section sets up tough stabilization requirements to govern strip mining during the phase out period. Requires at a minimum: segregation of topsoil, burial and isolation of toxic materials, restoration to original contour, establishment of permanent diverse vegetative cover with extended periods of responsibility, prevention of water pollution and sedimentation, protection of aquifers and alluvial valley floors. It also prohibits construction of permanent impoundments and requires that existing coal waste dams be drained within six months and spoil piles be revegetated and stabilized. Blasting is prohibited where stream channels, ground water, underground mines and private property would be adversely affected or endangered. No dumping of spoil on the downslope is permitted in sloping terrain (between 10 and 20 degrees).

SEC. 106. Specific Performance Standards for Underground Mining Operations—these standards are in addition to standards in 105 which apply to surface impacts of underground mines. Section requires operators to backstow mine wastes, prevent subsidence, seal all portals and entryways, and prevent discharge of water borne pollutants.

SEC. 122. Protection of the Surface Owner—before strip mining can begin, the operator must obtain the written consent of the surface owner and of any tenants or others who hold an interest in the surface. Where the minerals are owned by the federal government and the surface is owned by a private

party, no strip mining is permitted (Mansfield amendment). Where aquifers would be affected by mining, the written consent of all owners of water rights and landowners who may be affected is required. Section also requires one year notice and just compensation before a tenant can be evicted for the purpose of strip mining the land.

Title I also contains several sections which insure full citizen participation. Citizen Suits are permitted under Sec. 115; any person may protest permit applications and bond release procedures.

Title II. Abandoned Mine Stabilization—this title sets up a stabilization fee of $2 per ton of strip mined coal and .25 per ton of deep mined coal ticketed to cover the cost of stabilizing abandoned strip mined lands and for other related purposes. Also includes authorization for an initial appropriation of $100 million for this work, to be carried out by the U.S. Army Corps of Engineers.

Title III. Assistance to Workers—this title sets up under the Secretary of Labor a program to assist workers displaced by the phase out of strip mining. It includes readjustment and relocation allowances as well as financing for training for new careers.

Mrs. MINK. Mr. Speaker, the sudden awareness of the finite nature of our natural resources—first in the environmental realm, then in the energy realm, and now in the area of hard minerals—has spawned a variety of crash programs. But I suggest that hasty, ill-considered legislation is not the manner in which this Nation should proceed. If we Americans are to realize our potential, we need a calm, collected formulation of policy. Most of all we must evaluate all aspects of the question as to what kind of America we wish to create in our quest for the good life.

The problems of environment, energy, and materials are all intricately interrelated. They cannot be isolated. And so, when we speak glibly of the trade-off between energy and environment, we really beg the question. What we really mean is—how can we reconcile in social terms our need for material goods and our inevitable dependence on the ecology of this planet?

It is this approach to the energy-environment trade-off which I believe Congress must adopt in considering the regulation of coal surface mining. In the Surface Mining Control and Reclamation Act, H.R. 11500, we see a classic confrontation between the forces of development and those of conservation.

H.R. 11500 is the result of nearly 3 years of effort by the Committee on Interior and Insular Affairs and by the joint Subcommittees on the Environment of Mines and Mining. In the 92d Congress, the House of Representatives passed a bill to regulate coal surface mining, H.R. 6482. When the Senate failed to report a bill, the process was started over again in the 93d Congress. The joint subcommittees generated over 1,600 pages of testimony in April and May of last year on this issue. Beginning in September 1973, 29 markup sessions were held on committee print No. 3, which became H.R. 11500 when it was finally reported favorably on November 12, 1973. Consideration in the full committee began in February, and on May 30 the committee reported the bill.

In the course of all those hearings, debate and consideration and reconsideration of what is now H.R. 11500, there have been numerous changes made in this bill. These changes have had the effect of strengthening the environmental standards of the bill in some areas. The bill has also been made more compatible with the needs of the coal industry in terms of its ability to comply with the legislative requirements.

H.R. 11500 would establish a regulatory regime which will permit the coal operator to continue to extract coal while complying with a basic mandate to return the mine site to its approximate premining condition or better.

This legislation has come under severe attack by representatives of the coal industry and the administration. For example, section 206 which directs the Secretary of the Interior and the States to initiate a program for designation of certain lands as unsuitable for coal strip mining and section 211 which places a ban on placement of spoil on the downslope greater than 20 degrees have been characterized as attempts to ban strip mining of coal. The bill has been called unworkable and impossibly expensive. It has been termed an outrageous harassment of the coal industry which will deprive the Nation of 100 million tons or more of coal per year.

In actual fact, the Surface Mining Control and Reclamation Act is nothing of the kind. This bill is a serious and rational approach to a long standing problem which has cried out for an equitable and humane solution.

In all fairness, I should add that there are cooler heads in the coal industry who have recognized this fact and who have indicated their basic support for the underlying concept of H.R. 11500. In December 1973, the Continental Oil Co., owner of Consolidation Coal Co., the second-ranking coal producer in the Nation, presented a paper entitled "Coal and the Energy Shortage." This paper was specially prepared for a group of security analysts and potential investors. In its discussion of H.R. 11500, Conoco's briefing specifically endorsed the principle behind the environmental protection standards which are the heart of the bill, by stating that:

> We believe the Nation's interests would be served best by legislation that requires the return of surface mined land to its approximate original condition or to a condition that will provide for an equal or higher use.

The Conoco report goes on to estimate that the cost of reclamation, including the cost of returning the land to approximate original contour would range from 2 cents to 20 cents per ton in the West and from $1 to $3 per ton in the East. Furthermore, it points out that:

> Even taking the largest of these costs would add only 2 or 3 percent to the average residential electric bill.

This expression of support for the basic concepts incorporated in H.R. 11500 is in my opinion an accurate reflection of more responsible opinion within the coal industry. There is no question that the Nation's newly discovered dependence on coal as a replacement for scarce oil and gas must carry with it the determination to end the abuses of the past.

The real guts of H.R. 11500 are contained in its provisions for Federal enforcement of environmental protection performance standards. These standards are found in title II of the bill. They are based upon the assumption that the following results are possible and necessary:

First. Return to the approximate original contour;

Second. Restoration of the hydrologic balance;

Third. Elimination of toxic discharges into rivers and streams; and

Fourth. Environmental disruptions which are only temporary and without far-reaching adverse consequences.

The question of Federal enforcement of these standards by the Secretary of the Interior, as debated by the committee, gives rise to several grave issues regarding coal surface mining reclamation. They include:

First. The degree to which successful long-term revegetation in the arid regions of the Western United States is possible. This concern is reflected in the National Academy of Science study entitled "Rehabilitation Potential of Western Coal Lands."

Second. Under what circumstances mountaintop removal is desirable in the Appalachian coal fields.

Third. Weighing the rights of surface land owners versus the rights of mineral estate owners.

Fourth. The feasibility of stabilizing spoil materials on steep slopes.

Fifth. How best to deal with sites where there is too little or too much spoil remaining after the mining operation is completed.

Sixth. How to protect the land from the ravages of mine waste piles, mine waste impoundments and subsidence connected with deep mining.

Seventh. The responsibility which the coal industry as a whole must shoulder for rehabilitating areas which have been devastated by past operations.

Mr. Speaker, we should realize that no matter how good a bill Congress passes, ultimately its value is proportioned to the effectivness of its enforcement. The tragic history of surface mining in Appalachia confirms the thesis that, unless citizens take part in making sure environmental laws are rigorously enforced, regulatory agencies often as not become mere tools of the industry. At all costs, we must avoid repeating this dismal experience on a national scale.

Under provisions of H.R. 11500, the Secretary of the Interior will bear the main burden of seeing to it that Federal standards are strictly enforced. However, the citizen participation sections of H.R. 11500 are of paramount importance if State and Federal authorities are to be kept honest. Procedures for public hearings and appeals, plus the opportunity for inspecting the actual strip mining operation will enable concerned citizens to monitor the effectiveness with which this law is being applied. I have no doubt that the citizenry of areas affected by strip mining will make good use of these tools for their own protection.

The citizen's suit provisions of the bill are also highly important. These provi-

sions permit any individual who has a valid legal interest in the mining operation to go directly to the Federal District Court to sue the Federal or State regulatory agency for lack of enforcement of the regulatory standards. This portion of the bill enables an individual to bypass convoluted administrative procedures which would be excessively time consuming and expensive. Providing citizens such recourse is of prime importance in assuring enforcement of the regulations.

I firmly believe that H.R. 11500 comes to grips with many complex issues in a manner that is fair to the operator as well as the affected citizen. Through careful planning and intelligent use of equipment, the operator should be able to achieve the objectives of environmental protection without excessive costs or delays. As an example, the ban on placement of spoil on slopes in excess of 20 degrees will eliminate one of the widely recognized abuses of the industry. This provision is entirely feasible, because of techniques in West Virginia and Pennsylvania developed by coal mine operators in conjunction with the State regulatory authority. Practical application of this method in the field serves as proof to the coal industry that strip mining can be carried out in concert with good reclamation, even in the most rugged parts of Appalachia, and at an acceptable cost. A recent study of surface mining in eastern Kentucky done by Mathematica, Inc., for the Appalachian Regional Commission and the Commonwealth of Kentucky confirms the committee's finding in this regard.

Like other allegations that enactment of this bill will result in major coal production losses, the specific charge brought by the Federal Energy Office that these slope limitations will cost the Nation 67 million tons of coal, is simply not supportable. It is not supportable because it mistakenly assumes that all coal production from slopes over 20 degrees would be lost, when in fact—as the Mathematica study shows—coal operators should be able to continue surface mining under the bill's restrictions on steep slopes, and still realize a healthy profit. When examined, none of the horrendous coal loss figures presented by the Federal Energy Office are seen to be valid, as I made clear in a statement printed in the June 7 CONGRESSIONAL RECORD.

One portion of the bill which deserves particular mention is title VIII. This title assists the States in establishing State Mining and Mineral Resources Research Institutes at a public college or university in each State.

In light of the current shortage of qualified mining and mineral personnel in the United States, and bearing in mind the problems associated with the energy and minerals development and the concomitant environmental issues, it is important that these institutes be established to help meet the challenges of the coming decades.

Finally, if we Americans are to surmount the variety of material shortages which lie ahead, we must not be panicked into decisions which fail to consider the long-range implications of our action for our environment. We must be ready to decide what is important to the on-going healthfulness and quality of life on our land. We must see to it, through the legislative and executive processes, that in our pursuit of an oft-times illusory higher standard of living, we retain and preserve the essence of our national well-being.

Despite the complaints of businesses who traditionally object to any and all regulations, I believe that H.R. 11500 is a fair bill. It strikes the balance between our need for energy and our dependence on and obligation to protect our natural ecology. I heartily commend it to your study and support.

GENERAL LEAVE

Mr. HECHLER of West Virginia. Mr. Speaker, I ask unanimous consent to include extraneous material in conjunction with my remarks on the abolition of strip mining and further ask unanimous consent to revise and extend my remarks.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

VERTICAL INTEGRATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. HANSEN) is recognized for 5 minutes.

Mr. HANSEN of Idaho. Mr. Speaker, a few months ago, the phrase "vertical integration" probably meant very little to the average American citizen. To the retail gasoline dealers of this Nation, however, this innocuous terminology now represents nothing less than an all-out attack on their means of livelihood being made by the major oil companies. The ultimate goal of vertical integration strategy is the full participation of the major oil companies in every phase of petroleum production and distribution—from the oil well to the gas pump. Almost daily, I have received telephone calls and letters from my constituent gasoline dealers representing several major oil companies. To a man, they voice great concern—even fear—about the oil company actions that threaten to deprive them of the businesses they have built up after years of hard work. They have all asked me to call attention in the Congress to this alarming situation, and to help them in their struggle for economic survival.

There have been cases in my district where leases have been revoked with very little notice—less than 2 weeks in advance. There have been threats made of lease revocation unless the dealer complies with stringent new terms and agrees to purchase additional items such as tires and batteries. There have been monthly price increases. There have been allocation cuts—with one company cutting its dealers down to 65 percent of its 1972 gasoline supply level—at the same time the Federal Energy Office here in Washington was announcing plans to bring all the States up to 90-plus percent allocation levels.

There have been billing meters installed on gasoline pumps to prevent dealers from purchasing additional supplies elsewhere after their allocations have been cut—at least, not without paying for the gasoline twice—once to the supplier and once again to the company who installed the pump and meter. And, most disturbing of all, there have been thinly veiled threats to the dealers, warning against seeking the help of their Congressmen or the Federal Energy Office. One FEO source reports that dealers in the Second District are afraid to even talk about their individual problems for fear of retaliatory action by the oil companies.

These actions do not constitute "good business practices." I do not expect any major oil company to underwrite an unprofitable location for their petroleum products. I do expect them, however, to respect the rights of those dealers who have built up good businesses through prudent management and lots of hard work. There is every indication, in my judgment, that in many cases these rights are not being respected. There should be profit enough to be made at all levels of petroleum production and distribution—but I do not believe that only the major companies are entitled to a share of these earnings. I want the oil companies and the independent producers to get a fair chance to make a reasonable profit in petroleum exploration and production. This is why I voted against the price rollback provision attached to recent energy bills. However, my desire to see American oil companies meet the energy challenge and make a fair profit in the process does not constitute a license to manipulate the free enterprise system to exclude small businessmen. If the major oil companies are desirous of fair and equitable treatment by this Congress, they must demonstrate that they are willing to develop a sense of fair play for the gasoline dealers of this Nation.

The legislation I am introducing today provides the gasoline dealer with a mechanism to seek redress in the courts and to challenge the oil companies on lease revocations. This is the minimum tool the dealer has—he, too, must be entitled to his day in court.

If the oil companies' operations in the retail sector continue to demonstrate their lack of responsiveness to the rights of the dealer, I believe this Congress should give further consideration to appropriate legislation to curb these activities.

Additionally, I would urge my colleagues to support the efforts being made by the Federal Energy Office to conduct a full nationwide investigation of this serious matter. We should insure that the FEO is equipped with the legal authority and mechanisms necessary to uncover all the facts in this serious situation and take appropriate action when abuses are substantiated. We must not stand idly by and watch scores of small businessmen lose everything in a fruitless fight with a major company that has an overwhelming advantage in personnel and resources. The gasoline dealers of this Nation need and deserve our help. The

bill I am introducing today is a good start in the right direction.

For the information of my colleagues, the text of my bill H.R. 15512 follows:

A bill to provide for protection of franchised dealers in petroleum products

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That as used in this Act:

(1) The term "distributor" means a person engaged in the sale, consignment, or distribution of petroleum products to wholesale or retail outlets whether or not it owns, leases, or in any way controls such outlets.

(2) The term "franchise" means any agreement or contract between a refiner or a distributor and a retailer or between a refiner and a distributor, under which such retailer or distributor is granted authority to use a trademark, trade name, service mark, or other identifying symbol or name owned by such refiner or distributor, or any agreement or contract between such parties under which such retailer or distributor is granted authority to occupy premises owned, leased, or in any way controlled by a party to such agreement or contract, for the purpose of engaging in the distribution or sale of petroleum products for purposes other than resale.

(3) The term "refiner" means person engaged in the refining or importing of petroleum products.

(4) The term "retailer" means a person engaged in the sale of any refined petroleum product for purposes other than resale within any State, either under a franchise or independent of any franchise, or who was so engaged at any time after the start of the base period.

(5) The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

SEC. 2. (a)(1) A refiner or distributor shall not cancel, fail to renew, or otherwise terminate a franchise unless he furnishes prior notification pursuant to this paragraph to each distributor or retailer affected thereby. Such notification shall be in writing and sent to such distributor or retailer by certified mail not less than ninety days prior to the date on which such franchise will be canceled, not renewed, or otherwise terminated. Such notification shall contain a statement of intention to cancel, not renew, or to terminate together with the reasons therefor, the date on which such action shall take effect, and a statement of the remedy or remedies available to such distributor or retailer under this Act together with a summary of the applicable provisions of this Act.

(2) A refiner or distributor shall not cancel, fail to renew, or otherwise terminate a franchise unless the retailer or distributor whose franchise is terminated failed to comply substantially with any essential and reasonable requirement of such franchise or failed to act in good faith in carrying out the terms of such franchise, or unless such refiner or distributor withdraws entirely from the sale of refined petroleum products in commerce for sale other than resale in all States.

(b)(1) If a refiner or distributor engages in conduct prohibited under subsection (a) of this section, a retailer or a distributor may maintain a suit against such refiner or distributor. A retailer may maintain such suit against a distributor or a refiner whose actions affect commerce and whose products with respect to conduct prohibited under paragraph (1) or (2) of subsection (a) of this section, he sells or has sold, directly or indirectly, under a franchise. A distributor may maintain such suit against a refiner whose actions affect commerce and whose products he purchases or has purchased or whose products he distributes or has distributed to retailers.

(2) The court shall grant such equitable relief as is necessary to remedy the effects of conduct prohibited under subsection (a) of this section which it finds to exist including declaratory judgment and mandatory or prohibitive injunctive relief. The court may grant interim equitable relief, and actual and punitive damages (except for actions for a failure to renew) where indicated, in suits under this section, and may, unless such suit is frivolous, direct that costs, including reasonable attorney and expert witness fees, be paid by the defendant. In the case of actions for a failure to renew damages shall be limited to actual damages including the value of the dealer's equity.

(3) A suit under this section may be brought in the district court of the United States for any judicial district in which the distributor or the refiner against whom such suit is maintained resides, is found, or is doing business, without regard to the amount in controversy.

UNIQUE SYSTEM OF GOVERNMENT IN ALASKA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, during our debate of the Community Development Act, I would like to address my colleagues on a matter of importance to the State of Alaska.

This bill, while fitting the needs of most of the States in our Nation, fails to take into account our unique system of local government. Due to our population distribtuion, the territory of Alaska created in its State constitution a unique division of power between the borough government and the city government. The U.S. Census Bureau treats our boroughs as minor civil divisions for census purposes, along the lines of a township in other more conventional States. The borough in most cases is solely responsible for taxation, education, and planning and zoning. Most boroughs have also assumed powers in health protection and libraries. Alaska's only major city, populationwise, is the city of Anchorage, which is also part of the Greater Anchorage Area Borough.

H.R. 15361, as written designates the city of Anchorage as the recipient of Federal community development funds. However, this responsibility is in actuality shared, with the primary responsibility given to the borough under the Alaska Constitution.

I would urge the Secretary to take note of this situation, and upon the implementation of the Community Development Act, reserve great flexibility in determining the proper recipient of the funds.

IT IS TIME TO OPEN UP THE HEARINGS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, President Nixon and Secretary of State Henry Kissinger deserve considerable credit for contributing toward a better atmosphere in the Mideast.

The region's great problems are not permanently resolved, but even President Nixon's most ardent critics must admit that his recent efforts are worthy of praise.

The United States, for the first time in a generation, has been placed in a position to pursue good relations with the Arabs as well as the Israelis and to promote accommodation between them.

Some can argue whether the United States had and missed earlier chances to follow this policy. Much more certain though, is the proposition that this is a responsible policy, consistent with broad American interests and consistent with American values.

Even though many hazards still remain and even though agreements made in pursuing this new policy must be reviewed with great caution, President Nixon deserves general credit for making the change.

He and Secretary Kissinger perceived that the Arabs had gone a long way to liberate themselves from old myths and were now prepared to consider a new approach through the United States.

If it was Secretary Kissinger's diplomatic skill which led us to this American opening, it was on President Nixon's political authority that he did so, and the President's trip to the Mideast has added an extra and useful level of commitment to this new American policy.

For many years, it appeared that Washington had to choose between Israeli and Arab friendship.

To the extent that the region moves toward settlement, that choice now appears a thing of the past. President Nixon said he could reaffirm the United States' traditional friendship with Israel while, at the same time, promise and move toward an era of close cooperation with the Arabs.

With the Mideast peace apparently going so well, it was unfortunate that critics here at home found it necessary to increase their attacks on Secretary Kissinger. By attempting to discredit the Secretary of State, many critics were aiming to undermine the man who has given the Nixon presidency its greatest strength.

The Secretary's statement on the recent attacks and his threat to resign might have been a case of overreaction. However, I can certainly understand his frustration.

The leaks are deplorable. First, we saw the Senate Watergate Committee spring leaks right and left. Then we were subjected to leaks from the Watergate grand jury.

Somehow, I thought the House Judiciary Committee would be different. But it sure seems that it, too, has joined the crowd.

It is high time that all those in Government or those investigating Government action recognize the damage they are doing this Nation in indiscriminately leaking information which tells only one side of a story.

If the House Judiciary Committee, which is meeting every day in closed ses-

sion, is going to leak like a sieve, it is time to open up the hearings and let everyone know the whole story.

BUSINESSMAN LENDS A HAND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. DANIEL) is recognized for 5 minutes.

Mr. ROBERT W. DANIEL, JR. Mr. Speaker, I would like to speak for just a few moments today on a little known and rarely recognized organization which serves in relative anonymity to render valuable practical assistance to emerging nations, and by so doing, creating good will between the United States and the so-called third world.

I am referring to the International Executives Service Corp., which sends retired American executives abroad to share with others the priceless business and scientific expertise that these unselfish Americans have gained through years of hard work in their various fields of endeavor. This organization is not another lavishly funded vestige of a theory of international relations whose validity has become less and less plausible during the last decade or so and whose tangible results have fallen far short of ethereal and well-intentioned goals. Rather than attempting to remake foreign cultures into predetermined images, the International Executives Service Corp. lends a helping hand to people abroad in their effort to strengthen their own economies, and to improve the quality of life for their peoples under their own definitions.

I would request that you include for the CONGRESSIONAL RECORD as part of my remarks an article which appeared in the Ledger-Star of Norfolk, Va., on the experiences of one IESC agent, Mr. Rudolf F. Lotz of Portsmouth, Va. Mr. Lotz has kept me informed of his activities with IESC, and his reports are filled with enthusiasm for the good work he and his colleagues are doing to help others help themselves in the name of this great country of ours.

BUSINESSMAN LENDS A HAND

PORTSMOUTH.—Rudolf F. Lotz has returned from an assignment in Taiwan with the International Executives Service Corps and he is so impressed with the program that he is ready to go again—this time, he hopes, to Greece.

Lotz is retired vice president-treasurer of Virginia Chemicals Inc. and is a director of the company. IESC is an organization which sends retired executives to emerging countries to assist local companies with their problems and to suggest ways of improving their operations and products.

The expenses of the executives are paid by IESC but they receive no other compensation.

Lotz was assigned to the Namchow Chemical Industrial Co. Ltd. at Taipei. The company produces laundry soap, toilet soap, stearic acid, glycerine, margarine, lard and vegetable oil.

"The company is a profitable one," said Lotz. "It is a progressive one with the management pondering what new products to add to its line."

But it still felt the need for new western knowhow in its operation and there is where Lotz fitted in.

"I made suggestions to improve the company's cost accounting, standardizing costs, budgetary control and ways to better its information to aid in making decisions," Lotz explained.

What impressed Lotz most about the Taiwan company?

"Quick decisions," was the reply.

"You make a recommendation to improve something and it's put into effect immediately," said Lotz. "It's working in less time than it would take in this country to call a committee meeting to talk about it."

Lotz was not alone on Taiwan in the program. He said he met other participants who represented the Sunshine Biscuit Co., Dan River Mills, Western Electric, among others.

Some of the participants had retired from their own companies and one was only 44 years old. Most had retired at 65.

Lotz found three Americans each of whom was on his second assignment with the corps. Earlier they had been in Iran, Turkey and Ethiopia, respectively.

Lotz found something of "it's a small world" in Taipei. One of the officials of the Chinese company had attended the same university as Lotz—the University of Illinois. (Lotz studied general engineering at Illinois and did graduate business work at the University of Chicago.)

Both wives had attended the University of Minnesota.

Also in a hotel he encountered Tom Burns of the Portsmouth General Electric plant, who, according to Lotz, is a fellow participant in the Health Club at the Portsmouth YMCA.

Lotz said he is completely sold on the program—not only for assisting business in emerging countries but also as an asset abroad for the United States.

"Everybody in the program is a solid citizen with a practical message from U.S. business," he said. "There are no long hairs. Everybody is square as he can be. They reflect credit on the United States. It's a great program."

The expenses of the participants are paid from federal and private money. The United States government puts up half the expenses, participating United States corporations a third and the remainder comes from the clients abroad.

The corps dates from 1964 and, according to Charles Brown, its vice president for public relations, its formation represented the combined efforts of business and government. The idea was to send mature businessmen into the emerging countries, thereby aiding the countries and the image of the United States. David Rockefeller, chairman of the Chase Manhattan Bank, was one of the group instrumental in forming IAES and its first chairman. The group had the support of President Johnson.

The present chairman is George W. Woods, formerly of the World Bank. He is to be succeeded shortly by C. Peter McCullough, chairman of Xerox Corp.

Frank Pace Jr., former Secretary of the Army, is the chief executive officer of IESC.

So far 2,200 retired executives have participated in the program.

JUDICIARY'S LEAKS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. YOUNG) is recognized for 10 minutes.

Mr. YOUNG of Florida. Mr. Speaker, the following editorial which appeared in today's New York Times deserves the thoughtful attention of our colleagues and the responsible members of the Capitol Press Corps.

The situation described by the Times is inexcusable. The Times editorial so accurately reflects what millions of Americans have been saying for months.

The leakers seriously attack our constitutional system. The leakers create false and unfair impressions that might suit their ulterior motives but do no justice to the people of America.

Mr. Speaker, any American accused has a constitutional right to fairplay—including the President of the United States.

How much longer are we going to allow our constitutional institutions and procedures to be subverted by those who are determined to get Richard Nixon at any cost?

WOULD YOU BELIEVE JUDICIARY'S LEAKS?

The House Judiciary Committee, after making an appropriately measured start on its impeachment inquiry, now seems to have sprung not just a leak, but a gusher. Over the past week, the public has been treated to the contents of a series of confidential memoranda analyzing portions of the evidence that has been presented by the staff in closed sessions to the committee.

Even before those memoranda were leaked to the press, various members of the committee were providing fragmentary recollections of bits and pieces of the evidence to which they had been exposed. And then, of course, there was that moderate-sized geyser of information about Secretary Kissinger's wiretap role, which apparently came from the Judiciary Committee and from other sources in Washington as well.

The basic question posed by the leaks is one of fairness. The Judiciary Committee, after all, is conducting an inquiry into whether there are grounds for the House to charge the President with an impeachable offense. It is not trying Mr. Nixon. If the House decides to impeach him, the President is entitled to a fair trial before the Senate. The leakers, apparently impatient with the rules of secrecy adopted by the committee and presumably anxious to "get the President," are subjecting him to trial by the court of public opinion based upon fragmentary and unrebutted evidence and analysis.

Impeachment, as we have said in the past, is the nation's most solemn constitutional process. As such, it should be, as at least one member of the committee has remarked, constitutionally pure. Those who are doing the leaking—whether members or staff—are not only undercutting their own purposes by providing their opponents with the means to discredit the committee, but are also violating a profound obligation to move the impeachment process forward with the fairness and the solemnity that its importance to the country requires.

PERSONAL ANNOUNCEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, on June 17, I was away from the floor for Roll No. 297. Had I been present I would have cast my vote "yea."

CONFLICT OF INTEREST AT THE FEO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 10 minutes.

Mr. VANIK. Mr. Speaker, during the past few months my office—with the excellent assistance of the General Accounting Office—has been investigating specific allegations of conflict of interest within the Federal Energy Office. Thus far, this inquiry has focused on personnel and contracting practices within the FEO. The results of this investigation reveal a persistent pattern of insensitivity at the highest level of FEO to issues of conflict of interest. Despite a public stance of rectitude, top FEO officials have consistently performed poorly when confronted with specific instances of potential conflicts. It is this insensitivity which I find so alarming and disheartening.

The first of a series of reports which the GAO forwarded to me on May 3, 1974, contained the results of their investigation into the case of Mr. Robert C. Bowen. As a participant in the President's executive interchange program, Mr. Bowen, an employee of Phillips Petroleum, entered Government service on June 18, 1973 as a petroleum engineer with the Office of the Energy Advisor in the Department of the Treasury. On December 4, 1973, as part of a larger reorganization, Mr. Bowen was trasferred to the newly created Federal Energy Office. After extensive investigation, the GAO determined that Mr. Bowen's duties and responsibilities in the FEO were in possible violation of 18 United States Code 208—a criminal statute relating to action affecting personal finances. Accordingly, the GAO forwarded a copy of their report to the Department of Justice for further investigation.

At the outset, I would like to indicate that I have no question about the personal integrity of the newly confirmed Administrator of the FEA, Dr. John Sawhill. In my discussions with him, I have found him to be a responsive and intelligent public servant. My apprehension focuses not on Dr. Sawhill, but on the organization he must administer. Simply put, I have serious reservations regarding the extent to which our policymakers have established adequate safeguards to identify possible conflicts of interest as they arise in the formation of our energy policy. It appears, public pronouncements notwithstanding, that our energy administrators have been unable to comprehend an exact definition of a conflict of interest.

Growing out of my investigations with the GAO, I was given the opportunity during the Sawhill confirmation hearings to join the Senate Interior Committee to question Dr. Sawhill about Mr. Bowen and other matters. During the initial questioning concerning Mr. Bowen Dr. Sawhill, in response to a question by the senior Senator from Nevada, Mr. BIBLE, assured the committee that he saw no problem of conflict of interest in Mr. Bowen's case:

Senator BIBLE. We received a letter from Congressman Charlie Vanik regarding possible problems on substantial conflict of interest. . . .

What specific procedures do you follow now to guard against the appearance of conflict of interest or subsequent conflicts that differ from procedures in use before the GAO investigation began on April 1, 1974?

Dr. SAWHILL. We have established the procedures where as new employees come into the agency we review potential conflict of interest and our general counsel brings to my attention, any potential conflicts and we will take appropriate action.

We are as anxious, as members of this Committee are, to avoid either the appearance or the actuality of conflict of interest.

Senator BIBLE. What assurances can you give this Committee and the American people that the integrity of your agency will not be violated by the infiltration of those with special interests?

Dr. SAWHILL. We would be glad to supply the members of this committee at any time with the backgrounds of the policymaking people in our agency, so that you could see for yourself whether we have any conflict of interest or not.

I do not believe we do.

In the case you refer to, I personally reviewed this in detail——

Senator BIBLE. You mean the Robert Bowen case?

Dr. SAWHILL. Yes. When I became Administrator of the Federal Energy Administration, I did not feel a conflict existed.

My judgment was it would be in the best interest of Mr. Bowen and the agency for him to be reassigned to the Department of Treasury and this action was taken prior to the issuance of the GAO report.

In subsequent hearings, I had the opportunity to question Mr. Sawhill in more detail concerning a specific allegation investigated by the GAO: That Mr. Bowen of Phillips Petroleum was intimately involved in drafting regulations regarding propane—and Phillips is one of the largest companies marketing propane domestically:

Representative VANIK. Am I correct in understanding Mr. Bowen's supervisor asked him to get into the propane case? He was completely indifferent to the possibility—

Dr. SAWHILL. I don't know. I think Mr. Bowen's supervisor probably did ask him for some technical advice on propane, on what the substitutes were for propane, and who the users of propane were, this kind of technical information you need in order to develop regulations.

Just like the technical information on all of the regulations we developed.

Representative VANIK. But doesn't that appear to be a conflict right on the face? Of making policy?

Dr. SAWHILL. It is like asking a doctor when you are sick. You have got to ask someone who understands the business.

Representative VANIK. But of all of the people in America, you were asking a man who works for Phillips, who are the prime producers of propane, to make policy on propane?

Dr. SAWHILL. He certainly was the most knowledgeable person in our agency to provide technical advice, not policy.

There is a distinction.

Policy is the actual drafting of the regulations. Technical advice consists of things like who are the major distributors and what are the market shares, and also who are the major users of propane and which users have higher priority and lower priority. [Emphasis added by VANIK.]

One of the problems in propane is that the small people are being squeezed out of the market and we had to know who the big users were, like the utilities and other companies that were bidding up this price and taking propane away from agriculture and from the people in rural areas to use it for heating. We had to know that information in order to write these regulations.

He did not make policy. He didn't determine what we were going to do. But he did give us an analysis of the market structure. [Emphasis added by VANIK.]

Representative VANIK. Mr. Chairman, I know this is an extraordinary procedure, and I am grateful to have this opportunity to clear this up, but in a letter which was addressed to me by Mr. Sawhill, he said he did not conduct a detailed investigation of his own. Now that appears in the file that is before you.

Dr. SAWHILL. That is because I had already ordered him gone from the agency. By the time you wrote me your letter I had earlier made a decision that he should leave the agency.

Representative VANIK. But you also indicate there was no conflict of interest.

Dr. SAWHILL. I did not review the conflict of interest question because in reorganization I made an organizational determination that Mr. Bowen's function and that of his supervisor were no longer appropriate for our agency, and therefore I asked him to be redetailed to the Treasury and there was no need to look into the conflict of interest question because I later found out that the GAO had uncovered a possible conflict of interest and had referred his case to the Justice Department, so the Justice Department I felt was in a much better position to make this determination than I was.

Dr. Sawhill, throughout his testimony, insisted that Mr. Bowen could not possibly be in conflict because he was not involved in the development of policy. His contributions were limited solely to "technical" advice. Drawing the line between "technical" advice and "policy" advice is critical to the determination of questions of conflict, and in a colloquy with the junior Senator from South Dakota (Mr. ABOUREZK), Dr. Sawhill provided his definition of the distinction and applied it to the Bowen case. As can be seen from the colloquy, the distinction between technical and policy advice is often blurred and under present arrangements, the critical determination of where the line should be drawn is often left up to the individual in question.

Senator ABOUREZK. If I can get back to this conflict thing. What I am concerned about, very frankly, this conflict of interest question, there hasn't been and doesn't seem to be any kind of sense of urgency with regard to resolving conflicts. This seems to be a very casual thing in the Federal Energy Office——

Dr. SAWHILL. You have the wrong impression, I am sorry. I am sorry if I have given it to you.

Senator ABOUREZK. I will finish my question, Dr. Sawhill.

Now, where do you draw the line with regard to the Bowen case? Which, I realize, you are not involved directly in that too much, but where do you draw the line between what is known as providing technical advice and policy advice?

How do you draw the line there?

Dr. SAWHILL. *Technical advice consists of providing facts and figures,* analysis of the market structure of the industry, this type of thing, indications of what action would do to particular sectors of the industry in terms of increasing demand or supply. I think it is that kind of thing where we need some technical advice, we need advice about the transportation systems, and the availability of transportation systems to move products in ways that we might direct, we need an understanding of the marketing systems of this industry. [Emphasis added by VANIK.]

Policy advice, the kind of advice I make when I meet with the Assistant Administrators in the office and make determinations

on appeals, for example, that come to my desk, where major oil companies or other oil companies appeal decisions that I have made. Those are policy decisions.

And those are the kind of decisions where people making them clearly have to be in a situation where there is no conflict of interest.

Senator ABOUREZK. Would it have been possible in the term that Mr. Bowen served in the Federal Energy Office for him to provide technical advice to the extent that his company might have benefited from the advice that he gave?

Dr. SAWHILL. *I am not familiar with Mr. Bowen's technical advice because he never directly provided me any technical advice.* He provided it to people who were working for me, and they assured me he was not providing technical advice that would have been of particular benefit to his company and he disqualified himself. [Emphasis added by VANIK.]

It is my understanding from certain decisions that he was concerned about the very problem that you are bringing up.

Senator ABOUREZK. In other words, the question of disqualification was apparently left to him?

Dr. SAWHILL. He had notified his supervisor of those areas, or those subjects that he did not feel would be appropriate for him to even make technical advice.

Senator ABOUREZK. Is it possible he could have provided technical advice and as you have said, he was the expert on the subject?

Dr. SAWHILL. One of the experts, yes.

Senator ABOUREZK. But nobody in the department he was in would apparently know the difference between an action he took that might benefit his company or might not benefit his company?

Dr. SAWHILL. No. I think the situation arose in some cases where there were decisions that came before his department that related to subsidiaries of Phillips Petroleum and his supervisor was not aware of the fact that these were subsidiaries of Phillips Petroleum, and he said, I cannot discuss with you the situation because it relates to a subsidiary, or a company that Phillips Petroleum has a substantial financial interest in and I could not expect his supervisors, I don't think any of us could, to be aware of all of the subsidiaries or other financial relationships of Phillips Petroleum, but I think as far as general subject matter they were conscious and sensitive. At least they so advised me when I asked them about the potential conflict of interest here.

Senator ABOUREZK. What I am getting at is when a technical advisor, as you have categorized Mr. Bowen, provides technical advice, that technical advice is used as a basis for decision for policy makers?

Dr. SAWHILL. Yes, that is true.

Senator ABOUREZK. Would it be fair to say there might have been cases where Mr. Bowen did not disqualify himself where he probably should have?

Dr. SAWHILL. I cannot really answer that question, Senator. You can hypothesize anything. *But I was never in a situation where he provided advice that I thought influenced policy decisions.* [Emphasis added by VANIK.]

I really have so little contact with him personally that I had to rely on the guidelines that were set down by the Treasury General Counsel and the assurances that he gave to Mr. Simon that these guidelines were being adhered to.

Senator ABOUREZK. In other words, what you are saying is what essentially I have been trying to say, is that you don't know whether or not he was in a position of conflict of interest or not?

Dr SAWHILL. No As I say, I relied on the integrity of not only his supervisor but Mr. Simon.

Senator ABOUREZK. If it is true, you don't know, perhaps Mr. Simon did not know, and perhaps his direct supervisors did not know that there might have been times where conflict could have occurred?

Isn't it far safer for the Federal Energy Office, and you have agreed with me on this and I think you are absolutely right, the appearance of conflict has to be avoided?

Dr. SAWHILL. Yes.

Senator ABOUREZK. Isn't it fair then, when you have a conflict on its face such as the Bowen case, tnat there is really not much discussion about it, it ought to be ruled completely out of order?

Dr. SAWHILL. The only thing I can say to you is when I became Administrator this was brought to my attention. It so happened we were reorganizing the department anyway. And we determined that Mr. Bowen should return to the Treasury, and so the issue of conflict and Mr. Bowen never really surfaced when I was Administrator.

Senator ABOUREZK. I know, but the other day you said you didn't feel there was a conflict at all.

Dr. SAWHILL. I had confidence in Mr. Simon who was unanimously approved by the Senate for his position. He did not feel there was any conflict.

Senator ABOUREZK. But that proves my point, that neither you nor he felt there was a conflict, yet there is a very high potential, and therefore, I think there has to be a very strict procedure, much stricter than you have outlined and a greater sense of urgency than what you have displayed.

Mr. Speaker, the GAO report which I have received outlines the utterly unsatisfactory way in which the FEO handled the Bowen case. I will have more to say on this and related issues during the next few days.

FEO—THE OIL CARTEL—AND JET FUEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. ADAMS) is recognized for 5 minutes.

Mr. ADAMS. Mr. Speaker, day after day, week after week, month after month, the Congress has implored the Federal Energy Office to carry out provisions of law with regard to allocation of fuel at equitable prices designed to control the unconscionable profits being realized by oil companies at the expense of the American public. The consumer is not being afforded the level of protection contemplated by the Emergency Oil Allocation Act.

I want today to call to the attention of my colleagues the shocking fact that oil refineries systematically are defying a directive from FEO to increase jet fuel production—both for military and civilian use and then raising prices in typical cartel operation. Orders without enforcement are meaningless and FEO is not enforcing its orders on jet fuel production.

It is our business to assure the will and intent of Congress is carried out by this agency, and when it comes to jet fuel for public transportation, the FEO is flaunting the Emergency Petroleum Allocation Act.

I had my share of disagreements with William Simon when he was head of the FEO, but I never had any sense that he was unable to have the agency orders carried out. Regrettably, this does not seem to be the case today. The "heat" is off the crisis and, as a result, an insidous lethargy has crept into FEO.

Time and again, we are seeing FEO bowing to the great pressures from profit-hungry oil companies, some of whom are using funds alleged to be going for research and development and fuel exploration, for attempts to purchase controlling interest in organizations such as Montgomery Ward.

The FEO is letting the oil companies "pick and choose" the orders for compliance. An example of the failure by the oil industry to carry out FEO directives is contained in a story in today's issue of the Wall Street Journal. The situation described in the article is absurd and causes one to wonder who is running the FEO—John Sawhill or top level oil company executives. Have we merely institutionalized a systematic cartel price squeeze carried out by the oil companies with Government complicity? Clearly this is not the wish of Congress. We expect more from FEO.

I ask unanimous consent to place in the RECORD at this point the Wall Street Journal article which details the most recent example of the administrative impotence of FEO.

JET-FUEL OUTPUT RULES ARE NOT BEING ENFORCED, AIRLINE GROUP CHARGES

WASHINGTON.—The airline industry charged there has been a massive "apparent breakdown in the integrity" of the Federal Energy Office's mandatory program for jet aviation fuel production. The breakdown is artificially forcing higher prices for jet fuel, an industry spokesman said.

In a letter to FEO Administrator John C. Sawhill, the Air Transport Association also accused the FEO of withholding from public disclosure relevant information concerning jet fuel supplies and prices.

Noting intentions announced by the FEO to increase jet fuel production to between 750,000 and 800,000 barrels a day, Paul R. Ignatius, ATA president, said information available to the ATA indicates an average shortage of 118,000 to 168,000 barrels daily. "There can be, in our view, no explanation for these shortfalls apart from blatant defiance (by oil companies) of the FEO order," he said.

An ATA spokesman said it appears oil companies are deliberately holding down jet fuel supplies to drive up the price of the fuel. He said the shortage isn't severe enough at this time to force flight cancellations during the summer months, however.

"The history of the implementation and enforcement of the present jet fuel refinery yield order has shaken our faith in FEO's willingness or ability to move beyond promises to effective actions in maintaining adequate supplies of jet fuel at reasonable prices," Mr. Ignatius said in the letter from the airline trade group. "There is no public record of any refineries having been excused from compliance with a yield program," he said.

In Washington, a FEO spokesman didn't have any immediate comment on the complaints other than to say they would be reviewed. Previously, Mr. Sawhill has said that jet fuel supplies are adequate and that their allocation by the agency may end in the next few months, but not before public hearings are held.

ON THE NEED FOR COMPREHENSIVE PRIVACY LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from New York (Mr. KOCH) is recognized for 5 minutes.

Mr. KOCH. Mr. Speaker, Congressman GOLDWATER and I are today reintroducing the Comprehensive Right to Privacy Act with 93 cosponsors—a bipartisan coalition of 37 Republicans and 56 Democrats.

I have spoken and written, testified and drafted, organized and persisted in bringing the issue of personal privacy to the attention of my colleagues in the House. Because during these years of proselytizing, Americans still have no effective method of preventing the Federal Government's indiscriminate disclosure of personal information concerning them, of ascertaining whether such information is accurate, or even in some cases of knowing whether such information is in the Government's possession.

Though the threat to personal privacy has been a longstanding one, no doubt the source of our optimism this year for the passage of some kind of legislation can be attributed to the public reaction to the excesses and abuses of "Watergate." We have been forcefully reminded that we must counter the mentality in all branches of the Federal Establishment that intentionally or unintentionally makes Government the master rather than the servant of the American people.

Some officials seem to be so taken with the growing importance of Government in our society that we must now remind them that Government is still organized to serve the interests of the people rather than its own institutional aggrandizement. The right to privacy remains threatened as long as there are no effective legal constraints on the understandable but dangerous appetite of public servants who have forgotten whom they serve.

The use of computers to promote the efficiency of Government has not relieved officials of personal accountability for how those computers are used. Let there be no confusion on this point—men and women make the decisions on what information will be collected about private citizens, how such information will be used and to whom it will be disseminated. Computers will not take us to 1984, men and women will.

Personal accountability of a Government official in this problem area must not be solely enforced by citizen access to the courts. Judicial remedies are not enough in the field of personal privacy. Legislative remedies are needed to make clear the source and limitations of bureaucratic authority. For what is most needed is congressional policy and laws that check and deter the run-away discretion that now allows almost any agency of Government to collect and disseminate information on its own citizens. And, ideally such policy and laws should be contained in a comprehensive statute dealing with the problem instead of a piecemeal approach or a "privacy rider" tacked on to a congressional authorization, department by department, and agency by agency.

For example, on March 7 of this year, Congressmen GOLDWATER, JR., KEMP, and myself sponsored a privacy amendment to the bill establishing the Federal Energy Administration. The amendment required that the Federal Energy Administrator establish guidelines and procedures for handling data pertaining to individuals and that such individuals be informed of the data, have access to it, and have the right to contest the accuracy, pertinence, and the need of retaining such data. In the April House-Senate conference on the bill, the notification and right to contest provisions were dropped and the Administrator was required to grant access only "to the extent practicable."

Perhaps my own experience as a private citizen years ago planted the seed from which my legislative efforts have grown. I recounted it before a Senate committee 3 years ago but it bears repeating—it involved a life insurance company inquiry but the investigative procedure could have just as well been pursued by a Federal agency.

When I was a younger man, I made an application for life insurance, and it was rejected. I could not understand why because I felt pretty healthy, and the company did not give me the reason why. Because I pressed and pressed, I finally was able to secure an off-the-record statement from the individual who had solicited the account. He said, "Well, we have information in our records that 10 years ago you had cancer." I said, "Well, that is very interesting, but I am not aware of it." I asked what the nature of this cancer was. The records showed it was leukemia. I asked, "Where did you get that information." The company indicated they had obtained it from a neighbor.

The truth is, I did not have cancer and, of course, would have been dead a long time ago had I had it. Had I not pressed on that matter, I would not have known and I would not have been given an insurance policy. I brought this matter to the company's attention, and demanded that they analyze their file again and finally they agreed that the information that had been provided them had been given maliciously.

While a city councilman in New York I introduced legislation in 1968 to give the citizens of New York City the right to inspect and supplement municipal files. At that time I said my bill was "just a first step taken on a local level in what is really a national problem of protecting the citizenry against unjustified governmental prying into private affairs."

Let me outline with some examples what we knew then and what we have learned since about this national problem of governmental prying and record-keeping.

A few years ago when a group of citizens was organized to investigate the problem of hunger in America, a special unit of the FBI was established within the Department of Agriculture to keep track of the group's activities and maintain files on each participant.

It was reported in Life magazine that "Conas Intel," the Army's surveillance project of domestic civilian activities, involved the assignment of one agent to remain at the gravesite of Martin Luther King, Jr., and listen to what the mourners said. "When Mrs. King made a speech some weeks later, recalling that her husband had 'had a dream' an agent was asked to find out what dream she was referring to."

Every member of a Unitarian Church in San Antonio, Texas was listed in a card file maintained by the 112th Military Intelligence Group.

The FBI established a "subversive" file on a 16-year-old high school girl simply on the basis of a letter she wrote as part of social studies class project to the Socialists Workers Party.

A Civil Service Commission "security file" contained 2,120,000 index cards as of 1970.

A Federal Deposit Insurance Corporation file contained names of individuals characterized as having an unsatisfactory relationship with any insured bank.

An Executive order, later rescinded, granted the Department of Agriculture access to the tax returns of 3 million farmers.

I could go on with innumerable examples of Government investigations, checklists, newspaper clipping files and data storage, covering the broad sweep of governmental interest in the lives of American citizens—an interest that is sometimes essential, but many times nonessential or misguided.

We do not lack for evidence of the need for legislation. So let me just briefly outline in general terms what I think such legislation should contain with respect to privacy safeguards.

First, permit any person to inspect his own file and have copies made at reasonable cost to him;

Second, permit any person to supplement the information contained in his file;

Third, permit the removal of erroneous or irrelevant information and provide that agencies and persons to whom the erroneous or irrelevant material has been previously transferred, be notified of its removal;

Fourth, prohibit the disclosure of information in the file to individuals in the agency other than those who need to examine the file in connection with the performance of their duties;

Fifth, require the maintenance of a record of all persons inspecting such files, and their identity and their purpose;

Sixth, insure that information be maintained completely and competently with adequate security safeguards;

Seventh, require that when information is collected, the individual must be told if the request is mandatory or voluntary and what penalty or loss of benefit will result for noncompliance.

Eighth, require that persons involved in handling personal information act under a code of fair information practices, know the security procedures, and be subject to penalties for any breaches.

Ninth, permit anyone wishing to stop receiving mail because his name is on a mailing list to do so.

Tenth, prohibit agencies or organizations from requiring individuals to give their social security number for any purpose not related to their social security account, or not mandated by Federal

statute and prohibit the development of any other universal numerical identifier.

I have no doubt that the bipartisan spirit by which privacy legislation has been initiated, shaped, and refined will continue because no one can honestly dispute that citizen privacy must be everyone's concern—conservative and liberal, policymaker and taxpayer, computer expert and common man.

Like Senator ERVIN, without doubt the leading proponent of privacy legislation, I reject the idea that there are two worlds in America—one inhabited by bureaucrats and technicians, the other where the rest of us live. Let his eloquence be my conclusion:

I do not believe Americans dwell in two worlds. Regardless of our origins, I believe we share a common heritage and common destiny in that we are all engaged in searching for freedom.

PEANUT PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. STUCKEY) is recognized for 5 minutes.

Mr. STUCKEY. Mr. Speaker, several of my colleagues feel that the agricultural environmental and consumer protection appropriations bill should not include any funds for the purpose of formulating or carrying out a price-support program for peanuts.

I would like to state my opposition to this idea and to question some of the figures these gentlemen have based their conclusion on.

In their "Dear Colleague Letter," they stated that according to USDA figures, the peanut program will cost American taxpayers $1,188 million between 1975 and 1979. I think these gentlemen are confused about this figure.

In reality, the figure is an estimate by USDA of net outlays—not losses—of the peanut program based on continuation of the present peanut program and a resale price of peanuts by the Commodity Credit Corporation at not less than 115 percent of the loan rate. A resale level that high would be ridiculous and would obviously be considered a punitive measure.

However, the Department is now proposing new peanut legislation and discussions have been underway with peanut grower representatives about it. According to USDA estimates based on a resale price at the loan rate, the new peanut program would cost taxpayers $224 million between 1975 and 1979.

Peanut growers are opposed to certain parts of the proposed new legislation. But compromises have been reached with the Department in the past and I do not think anyone can absolutely say right now that USDA will set the resale of peanuts in the future at 115 percent of the loan rate, thus driving up the cost of the program to the Government.

I would also like to point out that the cost of the peanut program to the Government has been declining over the past few years. The program cost $96.5 million in fiscal year 1972; $55.3 million in fiscal year 1973, and $3.9 million in fiscal year 1974. The world market price for peanuts should remain high for another year or 2 and is expected to decline after that. But USDA does not expect the cost of the peanut program to be anywhere in the range of the fiscal year 1972 or 1973 costs. In other words, I do not think anyone can positively say that the program is going to cost the taxpayer more in the future. Just the opposite will in all probability be true. And it is certainly misleading to say that the program will cost the taxpayers more than $1 billion between 1975 and 1979.

There is a great demand for protein in our world today and peanut butter provides more protein for the money than any other food. I urge my colleagues not to let this important farm program go down the drain.

IMPROVEMENT IN VETERANS' PROGRAMS—A CONTINUING NECESSITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. OWENS) is recognized for 5 minutes.

Mr. OWENS. Mr. Speaker, Congress has made a worthy attempt to legislate adequate and meaningful legislation to benefit our veterans. We have already acted on several veterans' measures of particular importance, despite the general opposition of the administration and their frequent disinterest and lack of compassion for veteran concerns. These measures include major improvements in health care, a pension increase, a compensation bill, expanded coverage in insurance programs, and supplemental appropriations for the Veterans' Administration.

VETERANS HEALTH CARE EXPANSION ACT

In August, the Veterans' Health Care Expansion Act was signed into law. This act improves the ability of the Veterans' Administration to deliver quality medical care. It provides expanded medical care and treatment coverage through a contract program for certain dependents of veterans with total and permanent service-connected disabilities and for widows and dependent children of veterans who died as a result of such disabilities. It also expands provisions for eligibility for VA outpatient care and medicines.

PENSION INCREASE

A much-needed increase in disability and death pensions for veterans and survivors was passed in November. This measure, Public Law 93–177, provides a cost-of-living increase of 10 percent to approximately 2.3 million veterans and widows. Dependent parents receiving dependency and indemnity compensation also received a 10-percent increase in benefits. In addition, this legislation provides that payment of disability awards be made retroactive to the date total and permanent disability occurred if application is made within 1 year of such a date. Previously, payment was made from the date of claim of submission.

SUPPLEMENTAL APPROPRIATIONS FOR THE VA

The House and the Senate took determined action in March when it became necessary to provide emergency supplemental appropriations for the VA. The Vietnam-Era Veteran's Readjustment Assistance Act of 1972 provided for an outreach program to contact educationally disadvantaged veterans. As a result, more veterans were encouraged to utilize their educational benefits, and the number who enrolled exceeded the anticipated number of participants. The funds provided by this emergency appropriation allowed the VA to meet its April payment of educational benefits to the increased ranks of participants.

VETERANS COMPENSATION BILL

The veterans disability and compensation and survivor benefits received by disabled veterans and survivors will total approximately $567 million during the first year of the bill. An increase of 15 percent will be received by veterans with a disability rating of 50 percent or less; and an 18-percent increase in benefits is provided for those with a 60 percent or more disability rating. In addition, survivors of service-connected disabled veterans and servicemen, and survivors who are in nursing homes, will receive a 17 percent increase in benefits. All benefits increases are retroactive to May 1, 1974.

VETERANS INSURANCE ACT OF 1974

This act increases life insurance benefits to aproximately 7 million servicemen, veterans, Reservists, and National Guardsmen. Included in the provisions is an extention of full-time coverage under the servicemen's group life insurance—SGLI—to members of the Reserves, National Guard, and retired Reservists—as well as the establishment of a new low-cost life insurance, veterans' group life insurance—VGLI. After discharge, a serviceman may convert his SGLI policy to a VGLI policy to provide him with an additional 5 years of coverage while he readjusts to civilian life.

An immediate increase of maximum coverage under SGLI, from $15,000 to $20,000, is offered to some 3,000 participants. A return of excess premiums, now 70 percent in excess of what is required to pay the costs of claims, is authorized for Korean-era veterans. World War I and World War II veterans receive returned excess premiums as a dividend. Korean war-era veterans will now be entitled to receive the same.

We have been successful in seeing through the enactment of some very important veterans legislation. But there remain before us several inequities in veterans' programs that demand immediate action.

Among our priorities is the need to enact a reasonable increase in World War I veterans' pensions. With their low, fixed incomes, these veterans labor under the same soaring inflation rate as other retirees. They need, and deserve, this increase.

In line with this need, we must take action to prevent future increases in social security benefits from adversely affecting veterans pension payments. Under the present system of computation, last year's social security increase had almost no effect for many veterans. Their veterans' pension was reduced by an amount almost equal to the increase in their retirement check. I strongly urge my colleagues to lend their support to

consideration of these required adjustments in current veterans' pension programs.

Another area of concern is that of an adequate program of comprehensive drug and alcoholism treatment and rehabilitation. According to statistics compiled by the Veterans' Administration, more than 22,000 veterans will be treated for drug addiction this year. And of the 9 million alcoholics in the country, one-third, or 3 million, are veterans.

The Senate has already deliberated this question and sent to the House a proposal which would provide, among other things, community-based services such as vocational and educational counseling and job placement assistance for addicted veterans. I am hopeful that the House will have the opportunity to consider legislation this year to establish such a beneficial program.

One of the critical veterans' problems is their high unemployment rate, particularly among Vietnam-era veterans. In the last 10 years the unemployment rate for this group of veterans has reached as high as 9 percent. In 1971, it was 8.2 percent, while the national average was 5.9 percent. While it is true that the current rate is 0.4 percent below the national average, we must continue to dedicate ourselves to the principle of "Hire the Vet."

In recognizing the need to combat this high unemployment rate, I introduced in March of 1973 a bill to promote the employment of Vietnam veterans. This measure would provide a credit tax to certain employers who hire the veteran. This is, of course, just one incentive which could be offered. Certainly there are others. The fact remains, however, that we must turn our attention in the very near future to this serious situation and make good our promises to the vet.

Mr. Speaker, action in the areas outlined above is required to give the veteran the fair shake he deserves. I believe that most of my colleagues in both Houses agree with this fact. There is one issue, however, which should have the support of all Members, but which has become the subject of much controversy. It has been hampered by both the Congress and the administration. This measure is the comprehensive educational benefits package for veterans.

In my opening remarks, I mentioned that despite general administration disapproval for one reason or another, most of the veterans legislation passed thus far by the Congress has been successfully enacted. Not surprisingly, the administration's resistance to responsible veterans measures continues. As was the case in 1972 when the Congress attempted to pass a meaningful educational benefits reform bill, the administration continues to oppose the steps taken thus far by the Congress to see a comprehensive GI bill enacted.

Their opposition is founded, in part, on the belief that the veteran pursuing his education needs only an 8-percent adjustment in current benefit rates to cope with the increasing cost-of-living demands.

The administration continues to blindly adhere to this belief despite the fact that its own statistical findings barely show that the increase in the cost of living since the last adjustment in benefits is now better than 14 percent. And, considering the present rate of inflation, the difference may be as great as 17 percent by the start of the fall semester. The administration claims that this 8-percent increase is all that is necessary, while at the same time acknowledging the greater increase in the cost of living. This inconsistency strongly leads us to doubt the administration's claims that it is doing all it can for the Vietnam-era veteran.

While the administration's opposition to this bill can be considered a deterrent to expedient action on the measure, the Congress itself has been reluctant to take final action and, as a result, the veteran who wants to start or complete his education remains in a limbo of uncertainty.

The House last February passed a comprehensive bill which includes a 13.6 percent cost-of-living adjustment for veterans under the GI bill. It also contains an extremely vital provision which increases the period of eligibility to receive training from the present 8 to 10 years. Without this extension, many veterans would be forced to curtail their studies midway, as today's education costs are so high that it would be prohibitive for many of them to continue on their own without GI assistance. A reduction in the disability rating for special education benefits, which includes full tuition payments, is also provided in this bill.

I was very pleased when the House took this early action to insure the continuation and extension of those GI benefits. However, I was disappointed that the House and the Senate were unable to come to a final agreement, and it became necessary to grant a 30-day extension to the present, insufficient program of benefits, rather than provide the veteran with the reform he has been desperately waiting for. This problem should be resolved within the 30-day period.

Mr. Speaker, the Senate just passed their comprehensive educational benefits bill. The Senate bill includes the basic provisions of the House bill, the 2-year extension being among them. But their measure also expands on several provisions and offers several additions.

The Senate bill will provide for an 18 percent increase in the veterans' allowance. A direct tuition payment plan and a low-cost loan program are Senate provisions not found in the House version. A 9-month increase in the present 36-month entitlement period is also included. This increase will allow the veteran who loses credits during tranfer or lacks sufficient preparatory courses to take the additional courses needed to complete his degree.

The House Committee on Veterans' Affairs has pending before it several measures which would provide for benefits similar to those added in the Senate version. For some reason, the committee has chosen to consider them separately.

The House has not had the opportunity to establish a position on the additional provisions found in the Senate bill. Yet the fact that several bills which would provide the same or similar benefits have been introduced in this body lends evidence to the fact that there is a substantial degree of support for their inclusion.

Mr. Speaker, I urge my colleagues to seriously consider and balance carefully the differences in the two bills. And I would urge the Members that will be appointed to met in conference on these two bills to be sensitive to the immediate needs of the veterans this bill will affect. We have already witnessed a long delay in final consideration of this measure. We should delay no longer in providing the veteran with the benefits he requires and has the right to expect.

NEW HELP FOR THE HANDICAPPED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. PODELL), is recognized for 10 minutes.

Mr. PODELL. Mr. Speaker, in the past few years, the Congress has greatly expanded the range of government programs to aid the handicapped. I think this is laudable, but there has always been one key element missing. In all the rehabilitation and welfare programs that have been produced by the members of this body in recent years, there has never been anything that has encouraged the handicapped to continue working once they find jobs. And often, continuing to work can be more difficult than getting vocational training and finding a job.

Recently I received a letter from one of my constituents. This woman is handicapped. She can be self-supporting, but because of her physical condition she cannot use public transportation to get to and from work. Last year, when she filled out her Federal tax return, she learned to her dismay that there was no way she could deduct the $1600 it had cost her in 1973 to commute. She could deduct all her various medical expenses, but she could not deduct tolls, parking fees, cab fares and other commuting costs. She told me in her letter that at this rate, she would be better off if she remained at home and collected Government checks, because holding a job was costing her too much money. But she is a proud and determined woman, who enjoys working and who wants to be productive rather than dependent on government largesse.

I am sure that this woman's story is not unique. How many handicapped people are there in this country who want work, and have found jobs, but have then learned that the cost of getting to and from work is prohibitively expensive? What good are vocational training and rehabilitation programs for the handicapped if, once they have jobs, the commuting costs are so high that they would be better off unemployed?

I am today introducing legislation that would help handicapped persons in such situations. My bill would provide for a tax deduction of up to $2,000 per year for certain commuting expenses. For example, in the case of the woman who wrote to me, she would be able to

deduct all traveling expenses to and from work which arose directly from her inability to use public transportation. It would mean that she could continue to work. The loss of $1,600 in tax revenue is much less than the amount the Government would pay her if she was unemployed.

Most forms of public transportation are still unusable by the handicapped. Yesterday, we passed an appropriations bill for the Department of Transportation, that requires transit systems funded with Federal money to be designed so that the elderly and handicapped can use them. This is consistent with our national policy, but it will be a long time before systems such as the New York City subways can be fully utilized by the handicapped. Until then, they must rely on private transportation, at a much higher cost. Allowing them to deduct these expenses will make it easier for them to keep on working.

There is an old proverb which says, that the greatest charity you can give is helping another person help himself. The handicapped have overcome so many obstacles in order to be self-supporting. It is not fair to ask them to shoulder these burdens alone. They should not be penalized for seeking gainful employment by making the cost of working too high. Using the income tax laws to help these people is both efficient and sensible. I see such a deduction as a logical part of a national program to rehabilitate the handicapped so that they can live independent and useful lives.

AN ALMOST-FORGOTTEN IMPEACHMENT

(Mr. PODELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PODELL. Mr. Speaker, I would like to call your attention to an historic but timely article by Prof. Nelson Seitel which appeared on May 29, 1974 in the New York Law Journal, of which he is an associate publisher.

Mr. Seitel is an adjunct professor at the New York Law School and an outstanding legal scholar. The article entitled: "An Almost-Forgotten Impeachment" recounts the impeachment of William Sulzer who served as Governor of New York from 1912 until his impeachment in 1913 for converting campaign funds to his own use and from withholding subpenaed evidence from State investigative committees.

The article follows:

AN ALMOST-FORGOTTEN IMPEACHMENT

(By Nelson Seitel)

As the investigations concerning the possible impeachment of President Nixon slowly grind toward a conclusion, counsel for the House Judiciary Committee and for the President are searching deeply into historical precedent to base their actions.

From early English history to the impeachment and failure to convict President Andrew Johnson, from the removal of office of various public officials through the recent considerations regarding Supreme Court Justice William O. Douglas, the precedents are being studied to justify procedures and claims.

THE SULZER CASE

One of them is a little-known sixty-four-year-old precedent in New York State where the impeachment of Governor William Sulzer dragged on for weeks in 1913 while the process leading to his ultimate "conviction" drew toward its expected conclusion.

While Governor Sulzer's impeachment and conviction throw light on the impeachment process itself, they also shed considerable insights into the political system of the time.

No one celebrating on the night of Nov. 5, 1912, the election of William Sulzer as Governor of New York could have foreseen that within less than a year he would be impeached and removed from office. Nor could any of the celebrants have foreseen that in January, 1914, instead of delivering his second State of the State Message to the Legislature, that William Sulzer, as a member of the State Assembly, would be listening to Governor Martin H. Glynn, who had been Sulzer's running-mate for Lieutenant Governor, deliver his first and only such message to the Legislature.

PRESIDENTIAL TIMBER

Indeed, it is not unlikely that there were some among those attending the victory festivities who believed that Sulzer, then forty-nine years of age, might some day make it all the way to the White House. On that night, that would not have been an idle dream. His margin of victory exceeded 200,000 votes, and no previous candidate for Governor had won by such a plurality.

Moreover, Sulzer was clearly one of fortune's favorites. A Columbia Law School graduate, he ran at age twenty-six as an independent candidate for the Assembly from Manhattan in a lower East Side district, and was elected. He became a Democrat and four years later, in 1893, he was elected Speaker of the Assembly, the youngest to hold that office. Subsequently, he was elected to the House of Representatives and by 1912, when he was elected Governor, he was chairman of the prestigious House Foreign Affairs Committee.

Half a century before the term New Deal was coined, Sulzer was a New Dealer. As an Assemblyman, he sponsored legislation for factory inspection and for abolition of the sweat shop; to provide free lectures for working people; to abolish imprisonment for nonpayment of debt; to eliminate corrupt election practices; to limit hours of work and to provide for the weekly payment of wages. His bill established the New York Public Library.

SPONSOR OF INCOME TAX

As a Congressman, he was the principal sponsor of the constitutional amendment authorizing levy of a Federal income tax. He initiated the movement for the direct election of U.S. Senators. He was a leader in the efforts to amend the Constitution to give women the right to vote.

He was the author of the bill that established the U.S. Department of Labor. It turned out that approval of this bill was the last official act of President Taft. As chairman of the House Foreign Affairs Committee, Sulzer was active in promoting American recognition of the Republic of China, and he successfully steered through Congress legislation abrogating a treaty with Czarist Russia because of persecution there of the Jewish people. This especially endeared Sulzer to the Jewish community in the State.

By 1912, Sulzer was a star of the first magnitude in the Tammany Hall firmament. Tall, attractive, and excellent public speaker, he carried himself with a patrician bearing that contrasted with his populist instincts.

OPEN-DOOR POLICY

In one of his campaign speeches for Governor, Sulzer said:

"When I am elected Governor, the latch string of the door to the Executive Office in Albany will always be on the outside, and it will not be so high but that the lowest can reach it, and the humblest citizen of the State may come to Albany to see the Governor and be treated with as much consideration as the richest and most powerful."

As Governor, Sulzer kept that promise. The door to his office was never closed, nor the door to the Executive Mansion. During his brief tenure, the Executive Mansion became popularly known as The People's House.

The die was cast at the beginning. What followed had the sense of inevitability of a Greek tragedy. On a cold, blustery January 1, 1913, instead of following the tradition of being driven to the Capitol for the inaugural ceremonies, guarded by State troopers and accompanied by a military parade. Sulzer and his predecessor, Governor John A. Dix, simply walked the distance with the new Governor stopping to greet people on the street as a new neighbor and friend.

HIS OWN MAN

In his inaugural address, Governor Sulzer said: "I enter upon the performance of the duties of the office without a promise, except my pledge to all the people to serve them faithfully and honestly and to the best of my ability. I am free without entanglements and shall remain free. No influence controls me but the dictates of my conscience and my determination to do my duty, day in and day out, as I see the right, regardless of consequences."

In his peroration, Sulzer said that he would "abolish useless offices, and wherever possible consolidate bureaus and commissions to secure greater economy and more efficiency; to uproot official corruption and to raise the standard of official integrity and last but not least to reduce government expenditures to a minimum, and thus lessen as much as possible the heavy burdens of taxation."

The Governor's address was entirely consistent with his repeated campaign declarations of his independence and his assertions that he would take orders from no man and from no organizations. However, campaign speeches and promises are one thing; it is quite another when an elected candidate guides himself accordingly.

Sulzer was keeping his promises, a circumstance that brought him into sharp conflict with Charles Murphy, the leader of Tammany Hall, who is remembered to this day as a brilliant political strategist and tactician. This conflict led to the impeachment of Governor Sulzer, his conviction by the Court of Impeachment, his removal from office, but not to his disqualification from holding further public office.

ROLES OF SMITH, WAGNER

From his back room office at Anawanda Club on Second Avenue and East Twentieth Street, and from his private dining room at Delmonico's, Murphy ruled Tammany with an iron hand and gradually succeeded in extending his influence beyond the borders of Manhattan. By 1912, the Speaker of the Assembly was one of his lieutenants, Alfred E. Smith, who subsequently served brilliantly as Governor.

The Majority Leader of the State Senate was another Murphy lieutenant, Robert F. Wagner, later the principal legislative architect of the New Deal program. Only the office of Governor eluded Murphy's grasp.

Even during his lifetime, Murphy was a legendary figure in political circles. At a time when it was said of the City Board of Aldermen, that if someone shouted, "A saloon is on fire," each Alderman would run to see whether his saloon was in flames. Murphy carried himself with such dignity that even his most intimate associates never addressed him or referred to him other than as Mr. Murphy.

Early in 1912, Sulzer and Murphy had a private meeting at which they discussed the

question whether Sulzer would seek the Democratic nomination for Governor against incumbent John A. Dix, an upstate Democrat who had declared himself a candidate for re-election. According to Sulzer's account, Murphy described Dix as a good "organization" man, and Sulzer said he would not be a candidate unless it appeared that Dix could be dumped.

MOVE TO DUMP DIX

Sulzer arrived at the Onondaga Hotel in Syracuse two days before the scheduled start of the Democratic nominating convention on Oct. 1, 1912. It soon became obvious to Sulzer that plans were afoot to dump Dix, and in response to the urging of friends throughout the State, Sulzer declared himself a candidate for the gubernatorial nomination. Two others also declared their candidacy. Dix and Sulzer were clearly the front runners, but for three ballots neither got the majority needed for nomination. Murphy, who was so tight-lipped that it was said of him that he wouldn't open his mouth even to sing The Star Spangled Banner, refused to comment on the stalemate.

However, on the fourth ballot, Senator Wagner, who was chairman of the Tammany delegation to the convention, cast the votes of the entire delegation for Sulzer. This produced the necessary majority for Sulzer's nomination.

Some contemporary political experts were convinced that Sulzer had been from the beginning Murphy's *sub rosa* candidate for the nomination. The suspicions stemmed from the unanimous Tammany vote for him at the critical moment, in the balloting, in view of Murphy's control over his delegation, this could not have happened without Murphy's consent. On the other hand, Sulzer's conduct as Governor makes it unlikely there ever was an understanding between them.

MURPHY'S KISS OF DEATH

While Governor Sulzer dispensed with much of the panoply and many of the perquisites of his office, he jealously guarded the power and responsibility. He launched an economy program that wreaked havoc among Democratic no-show patronage job holders, and a recommendation for a job appointment from Murphy was like a kiss of death.

Sulzer and Murphy had a showdown at a private dinner meeting in February in Murphy's dining room at Delmonico's. According to Sulzer's account of the meeting. Murphy "launched at me and rebuked me, and said that I might be the Governor but he controlled the Legislature; that unless I did what he wanted me to do regarding legislation, state policies and appointments, I could not get my nominations confirmed; and that he would block everything I wanted to do regarding legislative reforms with the forces he controlled in the Legislature. He said he could pass a resolution to impeach me; that he had the votes in the Assembly; and that he had absolute control of both branches of the Legislature."

LETTER TO T. R.

In a letter to former President Theodore Roosevelt, dated Sept. 9, 1913, Sulzer wrote: "The real trouble arose when I discovered the tremendous frauds and overwhelming corruption in various departments of State government, by which a few politicians and contractors were robbing the taxpayers of millions of dollars a year. My life was raked from the time I was born to the present day by detectives, investigators, and various sleuths with the object of finding out something that would injure me. Criminals and perjurors were utilized to defame me."

The instances of defamation referred to by Sulzer were widespread. A former law partner of Sulzer's accused him of defrauding a client and made public documents to prove the fraud. Sulzer denounced the documents as a forgery and tagged their disclosure as the "Vermont lie."

A woman in Philadelphia brought a breach of promise suit against Sulzer, alleging that they cohabited for some years since 1903 and even occasionally after 1908, when Sulzer married Clara Rodelheim, also of Philadelphia. Sulzer called the breach of promise suit a "frame-up." However, on advice of counsel he made an out-of-court settlement.

Charges were made that Sulzer diverted campaign funds to his personal use; that he engaged in substantial stock transactions in cash in excess of $50,000; and that his recommendations for legislation governing the New York Stock Exchange were designed to support his own market manipulations and speculations.

RELATIONS STRAINED

Sulzer exacerbated his relations with Murphy, the State Legislature and Republican political leaders by launching a determined drive to enact a direct primary law for the nomination of candidates for statewide office, who at the time were nominated by party conventions. In Sulzer's view, the "people and not the political bosses" should have the power to nominate those candidates.

Murphy's threat that Sulzer would have problems with the Legislature was borne out by events. Much of his legislative program went down the drain; many of his appointments for State office were denied confirmation by the Senate; his recommendations for a direct primary law were turned down by caucuses of both Democratic and Republican legislators.

The Legislature adjourned on May 3, 1913. However, since the Legislature, in Sulzer's view, left too many things undone, on May 8 he directed the Legislature to convene in a special session on June 16. The Governor placed a number of proposals on the agenda for the special session, but the most significant one was his direct primary proposal.

The Legislature met as directed and remained in session through July 23, when, over the Governor's protests, the Legislature recessed to convene on Aug. 11.

STATE PANEL VOTED

On May 3, the last day of the regular session, the Legislature approved a bill creating a joint legislative committee to examine into the methods and procedures of the financial administrations of all institutions, societies or associations supported in whole or in part by State funds and to examine into their procedures "and policies for fixing salaries, making purchases, and awarding contracts." The chairman of the Joint Legislative Committee was Senator James J. Frawley, of Manhattan.

On June 25, at the special session, by a concurrent resolution which did not require the Governor's signature, the Frawley Committee was further authorized to investigate "the whole subject of any unlawful or improper methods or wrongful or unlawful acts aforesaid and of receipts and expenditures of candidates for elective office to be filled by the votes of the electors of the whole State." The concurrent resolution also gave to the Committee subpoena power with respect to these subjects as it had with the original subjects to investigation. The Committee was further directed to report its findings during the special session, or as soon thereafter as possible.

The Frawley Committee promptly began its investigation, held public hearings, and filed its report on Aug. 11, when the Legislature reconvened. The following day, the Assembly adopted by a vote of 79 to 25 an impeachment resolution drafted by Assemblyman Aaron J. Levy, of Manhattan.

IMPEACHMENT RESOLUTION

The Resolution of Impeachment read as follows:

"Whereas the Joint Legislative Committee has filed a report in the Assembly on the 11th day of August, 1913, showing or tending to show that William Sulzer, Governor of the State of New York, made a false and fraudulent report to the Secretary of State under his oath as required by law, that the total contributions in aid of his campaign as a candidate for Governor were $5,460 and no more, and whereas, in truth and in fact the amount was greatly in excess of said sum to the personal knowledge of said Sulzer; and such report showing or tending to show, that he converted to his own private use contributions given in aid of his said election for the purchase of securities or other private uses; that he engaged in stock market speculations at a time when he was Governor and vigorously pressed legislation against the New York Stock Exchange which would affect the business of and prices on the exchange; that he used the power of his office as Governor to suppress and withhold the truth, to prevent the production of evidence in relation to the investigation of campaign contributions and violations of the law in respect thereto, by ordering and directing witnesses, some of whom were employees of the State, to act in contempt of the joint legislative investigating committee, and that he further used his office as Governor in rewarding or attempting to reward such witness or witnesses by securing or influencing their appointment or promotion in State government; that as Governor, the said William Spulzer has punished legislators who disagreed or differed with him in legislation enacted in the public interest and public welfare, and has traded executive approval of bills for support of his direct primary and other measures in which he was personally interested; that as Governor, he willingly and corruptly made false public statements advising and directing citizens to suppress evidence in reference to his unlawful use of contributions made to him for campaign purposes, and whereas he has otherwise corruptly and unlawfully acted or omitted to act.

"Therefore, be it resolved that William Sulzer, Governor of the State of New York, be and hereby is impeached for wilfull and corrupt conduct in office and for high crimes and misdemeanors."

The following day, Aug. 13, at 5 A.M., a weary, bleary-eyed Assembly, by a vote of 79 to 45, with twenty-six Assemblymen absent, approved the Articles of Impeachment, as drawn by the same Manhattan Assemblyman Levy, who had drafted the impeachment resolution.

MORGENTHAU, SCHIFF GIFTS

The Articles of Impeachment contained eight separate charges against Governor Sulzer. Two of these accused the Governor of perjury and with filing of false statements in that on Nov. 13, 1912, he filed a false statement of campaign receipts and expenditures and that he had converted campaign contributions to his personal use.

According to the Articles, the Governor's filing on Nov. 13, 1912, showed campaign receipts from sixty-eight contributors amounting to $5,460 and expenditures amounting to $7,724.09, but failed to report the following contributors and contributions: Jacob Schiff, 2,500; Henry Morgenthau, $1,000; Abraham Elkins, $1,000; William F. McCombs, $500; Theodore W. Myers, $1,000; John Lynn, $500; Lyman A. Spolding, $100; Edward F. O'Dwyer, $100; John W. Cox, $300; Frank V. Strauss Co., $1,000; John T. Dooling, $1,000. According to these Articles, the filing of such a false statement "caused great scandal and reproach to the Governor of the State of New York."

Three Articles charged the Governor with

"mal and corrupt conduct" and of "bribing witnesses" to induce them not to appear and not to testify at the Frawley Committee hearings, nor to produce subpoenaed books, records, and documents.

Two articles charged the Governor with diversion of campaign funds for stock speculation purposes and use of his authority to influence prices of securities listed on the New York Stock Exchange. According to the first of these Articles Sulzer was accused of appropriating campaign contributions for the purpose of "speculating in stocks, through brokers operating on the New York Stock Exchange, and thereby stole such money and was guilty of larceny." The second of these Articles charged that the Governor corruptly used his "authority to influence or affect prices of securities listed on the New York Stock Exchange" in which he was at the time interested and speculating "upon margin or otherwise," by recommending legislation affecting the business of the Exchange and prices of securities, "all the time concealing his identity in said transactions by subterfuges."

One Article charged the Governor with promising and threatening to use the influence and authority of his office for the purpose of affecting the vote or political action of certain public officials. In support of this charge, the Article cited two specific instances:

1. A promise to Assemblyman S. G. Prime, Jr., that if he voted for certain legislation wanted by the Governor, he would sign a bill approved by the Legislature appropriating $800,000 for road construction in Essex County;

2. A threat to Assemblyman Thaddeus C. Sweet, of Oswego County, that he would veto a bill approved by the Legislature for construction of a bridge in Oswego County, unless he voted for certain legislation favored by the Governor.

CHARGES DENIED

In response to the impeachment, Governor Sulzer issued a brief public statement denying all charges. He said that on advice of counsel, he would make no further public statement.

However, Governor Sulzer set forth his definitive position in response to a letter dated Sept. 2, 1913, that he received from President Roosevelt. In his letter to Governor Sulzer, Roosevelt wrote: "I am sure that honest men feel that the assault made upon you by your foes is due to your having stood up for the principles of good government and decent citizenship even when it was necessary to defy the will of the bosses of the two parties, and especially your own, and to stand in the way of the success of the corrupt schemes of the party machine managers. But there is also among honest men a desire for a full and straightforward explanation and answer in reference to the charges made against you, and I very earnestly hope that as soon as possible the explanation and answer will be made."

In his reply, amounting to twenty printed pages, Sulzer ascribed his difficulties to Charles Murphy.

"I am to be removed from office, if Mr. Murphy can succeed," Sulzer told the President, "because I refuse to violate my official oath and carry out the 'orders' of Mr. Murphy. That is the gist of the matter, and the truth about this trial to take away my office. If I had served Mr. Murphy instead of serving the State, if I had obeyed Mr. Murphy instead of the dictates of my conscience, Mr. Murphy would never have instituted this impeachment."

COMMITTEE BLAMED

With respect to the charge that he had filed a false statement of campaign receipts and expenditures, Sulzer explained to the President that originally a campaign committee for him had been formed, but that the chairman and treasurer had neglected to file a notice of organization of the campaign committee with the Secretary of State. This was not brought to his attention until after the election and, Sulzer said, he had been advised by counsel that the best way to overcome this oversight was for him to file such a statement personally instead of the treasurer of his campaign committee. In his letter, the Governor conceded that he had been careless in signing a statement that had been handed to him.

He denied converting campaign contributions to personal use for the purpose of engaging in such stock market transactions. He claimed that funds were given to him by friends who wanted to help him out because they knew he was in financial straits from having made bad investments in certain mining stocks that had been touted to him by friends.

In connection with his proposed measures to regulate New York Stock Exchange transactions, Sulzer said that his recommendations were largely intended to implement the findings and recommendations of the Stock Exchange investigation commission of 1904 headed by Charles Evans Hughes. Of eleven bills he proposed, the regular session of the Legislature adopted two, one of them prohibiting bucket shop operations (Chapter 236 of the Laws of 1913) and the other making it a felony to manipulate stock prices (Chapter 253 of the Laws of 1913).

NEWSPAPER INTERVIEW

According to Sulzer's version of the facts, Murphy accepted as a declaration of war an interview with the Governor published in the *New York World* on May 18, setting forth fully Sulzer's views on the direct primary procedure for the nomination of candidates for state-wide office to replace the practice of nomination of such candidates by political party nominating conventions. As a result of the interview, Sulzer said, Murphy summoned his lieutenants to Delmonico's where a decision was reached to get rid of Sulzer "for their safety and security and salvation."

Despite this ascribed reaction of Murphy to the proposal for the direct primary, Sulzer continued to campaign vigorously for it. In a speech in Buffalo, Sulzer said: "Political conventions must go. Disgraceful secret alliances between special privilege and crooked politics must cease."

To an Elmira audience he said: "No man fears direct primaries, except a man whose character, and whose ability, and whose mentality, cannot bear the searchlight of publicity." Speaking on the issue in the Bronx, Sulzer said: "Every politician in the state, no matter what party he belongs to, who isn't on the level is denouncing me; is abusing me; is holding me up to contempt and scorn and ridicule."

In a message to the Special Session of the Legislature on June 16, Sulzer wrote: "A sense of public obligation made it my duty, in the interest of the common weal, to reconvene the Legislature in extraordinary session to the end that the recommendations I have made to the Legislature for direct primaries can be considered, without further delay, and a bill passed for direct nominations which will fulfill party pledges. In response to the overwhelming sentiment of the State, I am convinced we should do this as a matter of duty to our constituents."

(A little over half a century later, in 1967, New York State adopted a modified direct primary law. See Chapter 716 of the laws of 1967.)

IMPEACHMENT PROCEEDS

Once the Articles of Impeachment were approved by the Assembly the remainder of the impeachment process proceeded in its inexorable way. The Assembly appointed its Managers of impeachment (the prosecutors) consisting of Assemblyman Aaron J. Levy, chairman, and Assemblyman Patrick J. McMahon, Abraham Greenberg, William J. Gillen, Theodore H. Ward, Joseph B. Fitzgerald, Tracy P. Madden, Thomas K. Smith and Herman F. Schnirel.

The Managers, in accordance with the formalities of the procedure, informed the Senate of the Assembly adoption of the impeachment resolution and of the Articles of Impeachment. Senator Robert F. Wagner, as the Senate Majority Leader, thereupon directed the Court of Impeachment to convene on Sept. 18, 1913, in the Senate Chamber.

The Court of Impeachment, under the State Constitution, consisted of a majority of the members of the Court of Appeals and a majority of the members of the State Senate. The Court of Appeals then consisted of Chief Judge Edgar M. Cullen, William E. Werner, of Rochester; Willard Bartlett, of Brooklyn; Frank H. Hiscock, of Syracuse; Emory A. Chase, of Catskill; Frederick Collin, of Elmira; William H. Cuddenback, Buffalo; John W. Hogan, of Syracuse, and Nathan L. Miller, of Syracuse. Under the provisions of the Constitution, Chief Judge Cullen became the Presiding Justice of the Court of Impeachment.

The Assembly Managers and the Governor retained counsel who were preeminent in their profession, or achieved preeminence in their later years. Leading the team of attorneys for the Assembly Managers was retired Chief Judge Alton A. Parker of the Court of Appeals. The other members of the legal group included John B. Stanchfield, Edgar T. Brackett, Eugene L. Richards, Isidore J. Kressel, Hiram C. Todd and Henderson Peck.

The attorneys who represented Governor Sulzer were D-Cady Herrick, Irving G. Vann, Harvey Hinman, Louis Marshall, Austen G. Fox, Roger P. Clark and Charles J. Herrick.

The eminence attained by counsel for the Governor and for the Assembly Managers is reflected in the high quality of their briefs and in their total mastery of the facts. Both the legal issues and the facts were highly complex. Governor Sulzer showed unusual skill in "laundering" money long before the practice and the term became more common place. Funds were transferred through a number of banks and securities transactions were carried out in the names of various brokerage firms. It was not the quality of the presentation of the case, but rather the typical heat and humidity of Albany which put many of the members of the Court to sleep during argument and during the examination and cross-examination of witnesses.

The Court of Impeachment convened on Sept. 18 and completed its work and adjourned on Oct. 17. Senators, who were then paid $1,500 a year, received an additional $10 for each day's attendance as a member of the Court. Judges of the Court of Appeals were not additionally compensated.

JUDGES CHALLENGED

Immediately after calling the Court to order, Presiding Justice Cullen announced that counsel for the Governor had challenged the right of Court of Appeals Judge Hiscock, Chase and Miller to sit as members of the Court of Impeachment because they were Supreme Court Justices sitting on the Court of Appeals only by virtue of designation of the Governor.

After listening to argument of counsel for both sides, Judge Cullen ruled that under the State Constitution, "the gentlemen who have been judges of the Supreme Court and are sitting on the Court of Appeals by virtue of designation are in every respect as fully judges of the Court of Appeals as those that are elected." The ruling was confirmed by the unanimous vote of the Court of Impeachment.

A more serious objection to the organization of the Court of Impeachment was then raised by Mr. Herrick for Governor Sulzer. Herrick said: "This case, the greatest of any

that has been heard in this country since the trial of President Andrew Johnson, is arousing the attention of the whole country. What shall be done now and here is precedent for future time. More, while this court is convened for the purpose of trying the Governor of this State, the Court itself, I say with all due respect, is upon trial. It is not sufficient that like Caesar's wife you should be virtuous, but you must be above suspicion in all your membership.

"The time has come when the highest Court in this State should determine, once and for all, that its members should be composed only of those who are free from even a suspicion of bias and partiality, and that a respondent before it is to be tried upon the same principles of justice that would be applied to the meanest criminal, for the smallest offense known to law."

Herrick's comments were directed to two motions he made to the Court. One was to disqualify as members of the Court Senators James J. Frawley, Samuel J. Ramsperger and Felix J. Sauner, all of whom were members of the Joint Legislative Committee whose reports and findings became the basis of the impeachment resolution and of the Articles of Impeachment. The other motion was directed to Seantor Robert F. Wagner, the Senate Majority Leader, who, according to Herrick, had a conflict of interest, since in the event of the Governor's conviction and removal, Wagner would become the Acting Lieutenant Governor.

PARKER'S RESPONSE

In behalf of the Assembly Impeachment Managers, retired Chief Judge Parker responded: "As far back as 1388, it was held that no member of the House of Lords, constituting the Court of Impeachment in England, could be excused." He pointed out that the framers of the State Constitution in 1777 were familiar with this English precedent and were familiar with the rule that no member could or should be excluded. He pointed out that this rule remained unchanged except that the State Constitution "for a greater safeguard, for a greater surety, added to the judicial quality of the tribunal by the inclusion of a body of men without political interest, a body of men trained to the administration of law, without prejudice and without political bias."

Judge Parker pointed out that in a number of Federal impeachment proceedings, members of the House of Representatives who had voted on Articles of Impeachment were nonetheless permitted to sit as members of the Court of Impeachment when they were subsequently elected to the Senate and the official they voted to impeach was then on trial.

With respect to the special position of Senator Wagner and the potential of a conflict of interest, Judge parker pointed out that U.S. Senate Majority Leader Benjamin F. Wade, of Ohio, was permitted to sit as a member of the Court of Impeachment trying President Johnson, even though, in the event of the President's conviction and removal under the then Presidential Succession Act, Senator Wade would have become the President of the United States.

UNANIMOUS RULING

At the conclusion of the argument, Chief Judge Cullen said: "This challenge cannot be sustained as the uniform rule of authority. All the precedents are against it." He pointed out that "even in an ordinary Court of Justice, members of a court could not exclude one of their brethren." The ruling of Judge Cullen was unanimously confirmed by the Court of Impeachment, with Senators Frawley, Ramsperger, Sauner and Wagner excused from voting.

With these preliminary motions out of the way, Louis Marshall, one of the Governor's counsel, moved to dismiss on the grounds that the proceedings were null and void and the court without jurisdiction.

In support of the motion, Marshall cited Article IV, Section 4 of the State Constitution which provided that the Governor "shall have power to convene the Legislature, or the Senate only, on extraordinary occasions. At extraordinary sessions, no subject shall be acted upon, except such as the Governor may recommend for consideration." Marshall argued that the impeachment resolution and the Articles of Impeachment adopted by the Assembly were not among the subjects that the Governor recommended for consideration, and that consequently the Assembly was without power or jurisdiction to act upon them.

"The articles of impeachment," Marshall contended, "must have been adopted by the Assembly, on a vote of a majority thereto, when lawfully convened, otherwise there would be an entire absence of jurisdiction and this Court might as well be called upon to act on charges presented by a private citizen, by the managers of a political party, or by the anonymous enemies of the person sought to be impeached.

"It is our contention that the Assembly has no power of impeachment, except when duly convened at a regular session, or, if when convened at an extraordinary session of the Legislature, the Governor shall have recommended for consideration the impeachment of the person sought to be proceeded against."

JUDICIAL FUNCTION

In reply in behalf of the Impeachment Managers Judge Parker contended that "Impeachment is in no sense a legislative function; it is judicial. The power of the Assembly to present articles of impeachment is in no way connected with its powers as one of the bodies of the Legislature. Its powers with respect to impeachment are defined in Article VI of the Constitution which treats of the judiciary. The question as to how the Assembly came into session is not pertinent to the inquiry, and the method by which such convention of the Assembly was had does not affect its jurisdictional powers."

Chief Judge Cullen sustained the validity of the Assembly proceedings without fully endorsing the position propounded by Parker. "It is urged by the learned counsel for the Managers," Judge Cullen said, "that the Assembly has an inherent right to meet at any time and present articles of impeachment. From that doctrine I dissent in toto. It is the Assembly that has the right given to it by the Constitution to impeach, but the Assembly does not consist of individual members of its body, except when they are duly assembled. Thus the Assembly may impeach when in regular session or when regularly convened in response to a call by the Governor.

"The Constitutional provision regarding legislation at an extraordinary session does not apply. The evil, or what was regarded as evil, was the disposition to enter into general legislation. We must give a reasonable construction of it, and so construed the limitation related to what the Legislature as a body can do and not to the power vested in one branch of the Legislature."

RULING SUSTAINED

With but one dissent, the Court of Impeachment sustained the ruling of Judge Cullen. This turned out to be a critical ruling from the Governor's point of view. In another form, the issue was raised again with respect to the impeachment charge that the Governor had influenced certain witnesses not to produce books and records that had been subpoenaed by the Frawley Committee. Counsel for the Governor contended that the concurrent resolution adopted by the Assembly at the special session authorizing the Frawley Committee to investigate campaign expenditures was null and void since such action was not a subject of consideration recommended by the Governor to that session. Again the Court of Impeachment ruled that the power of the Assembly to act on impeachment transcended the Constitutional provision limiting the subject matter to be considered at an extraordinary session. This Article of Impeachment was one of three of which the Governor was found guilty.

The most serious issue before the Court of Impeachment concerned the first two Articles of Impeachment, those charging the Governor with filing a false statement of campaign receipts and expenditures and charging the Governor with perjury in filing such a statement since the statement was sworn to before a notary public. The issue was whether the Governor could be impeached for acts committed by him before he became Governor. On that critical issue, the Court of Impeachment divided thirty-nine to eighteen and the Governor was found guilty under both Articles.

DIVIDED COURT

On this issue, the judges of the Court of Appeals who sat as judges of the Court of Impeachment divided five to four. Judges Collins, Cuddeback, Hiscock, Hogan and Miller finding action taken before Sulzer took his oath of office an impeachable offense and the Governor guilty. Chief Judge Cullen and Judges Bartlett, Chase and Werner found such action not an impeachable offense and the Governor not guilty of those charges.

INNOCENT OF 5 CHARGES

The Governor was found not guilty on the remaining five charges, including the charge that he had diverted campaign contributions for the purpose of stock manipulation. Some of those whose contributions had not been reported, notably Jacob Schiff, of Kuhn, Loeb & Co., and Henry Morgenthau, at that time the Ambassador to Turkey, made a valiant effort as witnesses to assist Sulzer by asserting that their contributions were made out of friendship and regard for Sulzer, that there were no strings attached to their contributions and that they had no objection to Sulzer's use of their contributions to help him out of his financial difficulties. However, on cross-examination by Isidore Kressel, they conceded that no such contribution would have been made had Sulzer not been a candidate for Governor.

The Court of Impeachment thereupon voted to remove Sulzer from his office as Governor. On the question whether the punishment for conviction should include disqualification from holding further public office, Judge Hiscock said: "I believe that this question of the future of the respondent, with reference to holding office, should be left to the people themselves who have the power and have the right to pass on that question." By unanimous vote the Court of Impeachment followed Judge Hiscock's recommendation.

DEMOCRATS SUFFER

The arrogant use of power is a double-edged blade that can wound the wielder as well as the tarket of its exertion. "Mister" Murphy, as Sulzer invariably referred to him in correspondence and in speeches, did indeed succeed in removing Sulzer from his office. But his victory was a Pyrrhic one. Largely as a result of the impeachment. Murphy's candidate for Mayor was soundly defeated in the following month by the fusion candidate for Mayor, John Purroy Mitchell. The Democrats that year lost control of the State Assembly. Alfred E. Smith lost his post as Speaker and became instead the Assembly Minority Leader. There was no election that year for the State Senate so Senator Robert

F. Wagner remained during 1914 the Acting Lieutenant Governor and the Senate Majority Leader. As a further consequence of the impeachment, a vigorous and forceful Republican prosecutor, Charles S. McWhitman, was elected Governor in 1914.

In contrast, there was a sense of triumph about Governor Sulzer's departure from Albany. On Oct. 18, 1913, the day after his conviction and removal, a reception for him at the Ten Eyck Hotel reportedly attracted the attendance of some 10,000 well-wishers. He was presented with a cup bearing the following inscription:

Presented to Hon. William Sulzer, by the citizens of Albany, in loving remembrance of duties well performed, a martyr to the cause of honest government. October 18, 1913.

When Sulzer returned to New York City, he was requested by a delegation of his East Side constituency to run for the Assembly. He agreed, and as a Progressive Democrat, was elected by a two-to-one margin.

Sulzer concluded his letter to President Roosevelt with the following sentence: "The people ought to realize that if Mr. Murphy's conspiracy against the Governor of the State succeeds, it will mean a lasting blot on the fair frame and good name of our Commonwealth."

SUPPORT FOR MUSEUM SERVICES BILL

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, on June 14 and 15, 1974, the Select Subcommittee on Education, which I have the honor to chair, held hearings in Boston, Mass. on H.R. 332, the museum services bill, a proposal which would provide funds to enable the Federal Government to pay up to 50 percent museum costs for museum renovations, installation of exhibits, training staff and administrative expenses.

During our stay in Boston, Mr. Speaker, we visited the Museum of Fine Arts, the National Center for Afro-American Arts, the Children's Museum, the Society for the Preservation of New England Antiquities, the Museum of Science, as well as the Boston Aquarium and the Peabody Museum at Harvard. In addition, Mr. Speaker, our subcommittee held two public hearings on H.R. 332.

I want today, therefore, to bring to the attention of my colleagues evidence of significant support for their legislation in the Boston area.

I refer, Mr. Speaker, to two editorials, one in the Boston Globe of June 14, the other in the Boston Herald-American of June 13, in support of H.R. 332.

I insert in the RECORD also, Mr. Speaker, a letter dated June 14, 1974, to me from the mayor of Boston, the Honorable Kevin H. White, advising me of his strong endorsement of the Museum Services Act.

I must mention also, Mr. Speaker, that the Honorable Kevin Harrington, president of the Senate of the Commonwealth of Massachusetts, and the Honorable Joseph Cronin, Massachusetts Secretary of Education, testified before the subcommittee in support of H.R. 332.

Mr. Speaker, the materials to which I have referred follow:

JUNE 14, 1974.

Hon. JOHN BRADEMAS,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN BRADEMAS: On behalf of the city of Boston, I wish to lend my strong endorsement of Museum Services Act H.R. 332.

The cultural life of Boston is well known. Our private cultural institutions are renowned for their educational programs, significant collections and exciting exhibitions. These institutions, museums especially, cannot sustain the spiraling costs evident in these inflationary times and keep reasonable admission policies. We are facing a situation where the people of our city, its 640,000 residents, cannot visit their own museums because of financial hardship.

I therefore urge you to bring the word to Congress, from the city of Boston, that we are greatly concerned with the passage of this bill. Only through federal support can our museums remain accessible to the general public.

Sincerely,

KEVIN H. WHITE,
Mayor.

[From the Boston Globe, June 14, 1974]

THE MUSEUM SERVICES BILL

Everyone interested in the education of our children ought to attend hearings of a Congressional subcommittee to be held here—at 9:45 a.m. today at the Museum of Fine Arts and at 9:45 a.m. tomorrow at the Science Museum—on proposed legislation to provide Federal support for the nation's museums.

Enactment of such a measure is necessary, in our view, because museums have been almost literally reeling from the cost impact of their skyrocketing popularity. More than 3,000,000 persons annually visit the museums of Boston alone. Attendance at the nation's nearly 6000 museums has jumped since 1944 from some 50 million visits annually to nearly 700 million and is still climbing fast.

These institutions of art, science and history are a vital part of our national cultural life. The legislation—S. 796 and H.R. 332, sponsored respectively by Sen. Claiborne Pell (D-R.I.) and Rep. John Brademas (D-Ind.)—would enable the Federal government to assume up to half the cost of renovations, installations, trained staff and administration and thus lessen a most serious financial crunch. It deserves support.

Among those testifying today will be officials of the National Center of Afro-American Artists (NCAAA), the institution selected as "the national symbol of the arts made meaningful in current history" for the Bicentennial years. This fine organization, led by Elma Lewis, today is also holding its annual fund-raising with events at the Gardner Museum, Boston City Hall and the Music Hall. It offers an outstanding example of contributing to the community as a whole, and we hope the contributions flow copiously in the other direction as well.

[From the Boston Herald American, June 13, 1974]

VICTIMS OF OWN POPULARITY

The nation's museums, as Smithsonian Secretary S. Dillon Ripley recently testified, are no longer cabinets of curiosities. In recent years they have become at once a vital tool—and a yardstick—of our educational and cultural progress. We were reminded of this last month, when Science Park reached another milestone by admitting its 10 millionth visitor.

The Museum of Science's amazing growth in popularity is typical of what has happened to museums all over the country. Thirty years ago the 6000 museums of art, science and history attracted 50 million visitors annually; now the total has soared to 700 million—and is still increasing rapidly.

How long they can continue to accommodate ever-larger audiences without heavy financial assistance has become a matter of serious concern. Trustees, directors and other fund raisers appear to be reaching the limits of their ability to coax major donations out of private contributors. The museums, in effect, have become victims of their own success.

That is why a series of public hearings by a congressional subcommittee here during the next two days on a proposal to provide federal support for museums, assumes unusual importance.

The Museum Services Bill (House Rule 332 and Senate 796), sponsored by Rep. John Brademas (D-Ind.), chairman of the House Select Education Subcommittee, and Sen. Claiborne Pell (D-R.I.) has also attracted a co-sponsor in Sen. Edward M. Kennedy.

It would provide $25 million federal funding the first year to underwrite up to 50 percent of the cost of renovating museum facilities, installing exhibitions and expanding trained staff personnel. Such assistance would be a boon to many of our local institutions which are facing financial difficulty meeting the increasing demands upon them by both education and the general public.

Teachers, students and parents who find the idea attractive can make their views known to the subcommittee at the Museum of Fine Arts Friday and at the Museum of Science Saturday.

WILL COAL BE KING AGAIN?

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, during the first session of this Congress, I introduced legislation, H.R. 12045, known as the Emergency Coal Administration Act of 1974, with some 50 cosponsors, to take the necessary steps to maximize the production, transportation and conversion to gas and gasoline of coal, of which we have by current estimates one-half of the reserves of the world. I do not consider this bill to be in final form: The head of the Environmental Protection Agency, for example, has submitted amendments agreeable to that agency which would more adequately protect the environment, to which I am pleased to accede. I am sure there will be many other detailed changes that will have to be made in the bill before it is enacted. But, when I was in the Senate in World War II, I saw that we were never able to mobilize our productive ability to the maximum until we authorized the War Production Board to exercise enough authority to accomplish that purpose. The great danger now is that, if we become substantially adequate in gasoline and fuel oil with the resumption of imports from the Middle East, both the Congress and the country will tend to relax their efforts to become independent in our fuel resources and thereby lay ourselves open for further blackmail as has been imposed upon us from the Middle East. We must not do that. Therefore, I commend to my colleagues in the House for thoughtful reading an article appearing in the June 10, 1974, issue of Industry Week dealing with this important mat-

ter, entitled "Will Coal Be King Again?" by John J. Mullally.

The article follows:

WILL COAL BE KING AGAIN?

(By John J. Mullally)

Many alleged energy experts point to this country's vast coal reserves—and the utilization technologies that will result from a $20 billion R&D push—and say they can see the light at the end of the tunnel.

However, until that coal is ripped from the earth it is only so much black dirt and the technology advances mere academic exercises.

The light in the tunnel is visible; it's a coal miner's lamp, and it's just at the entrance. And the forces that will make this miner more productive by 1980 do not involve lasers from the laboratory; they are laws from legislators.

Domestically, we are sitting on an estimated 200 billion tons of coal, about 90% of the nation's fossil fuel reserve. The vastness of this supply dictates that we use it to solve the present—and future—energy crunch.

"We're the Saudi Arabia of coal," says Ernest S. Starkman, vice president, environmental activities staff, General Motors Corp.

"One of the ironies of our energy problem," says Secretary of the Interior Rogers Morton, "is that we use so little of our abundant energy resource."

TWO NECESSARY STEPS

Last year, domestic coal companies produced 600 million tons of coal. Interior's Office of Coal Research has called for tripling this production 1985—an annual rate of almost 2 billion tons—if we are to meet the demand provided by advanced usage technology.

"This is a tall order," understates Secretary Morton, who believes it can be met if two things take place.

"First, we will need to make a market for this much coal, which is mainly a function of its environmental acceptability.

"Second, we will have to find ways of producing enough coal, at acceptable social and economic cost, to satisfy the market we have created. The requirement here is for a coal industry capable of delivering the coal that will be needed," said Secretary Morton in an address to the West Virginia University School of Mines.

These qualifications almost uncannily dovetail with the stance of coal industry spokesmen.

"The No. 1 problem I see," says William V. Hartman, vice president-special projects, Peabody Coal Co., St. Louis, "is the EPA moratorium on so-called high-sulfur coal in 1975, which means that all existing facilities and new facilities cannot use high-sulfur coal beyond that date."

High-sulfur coal, the type that would be banned by the EPA, accounts for almost 90% of all the coal found east of the Mississippi.

"Any potential customer [coal user] . . . has this to reconcile with," adds Mr. Hartman.

"Of course, this directly affect us. Can we put in a mine and spend the money that will be necessary in an operation that would normally last 20 years, with the sword of Damocles hanging over us next year?"

The investment for putting in a medium large mine, one producing about 1 million tons per year, is about $20 million, says a National Coal Assn. spokesman.

Also, before one shovel of dirt is turned to put in a new mine today, "all the coal that that mine is expected to produce is, in effect, sold . . . it's under a long-term contract," says Jack Chisolm, group vice president-coal operations, Pickands Mather & Co., Cleveland.

"There aren't enough coal producers today that see new, long-term contracts for coal coming down the road to warrant their making the investments," says James W. Wilcock, president, Joy Mfg. Co.

Coal mines can be financed only through some sort of assurance that a market will exist long enough to amortize the investment. The uncertainty as to what we will do meantime paralyzes the investment decisions," says Secretary Morton, regarding federal action guaranteeing coal demand.

To assure these long-term contracts, Mr. Wilcock stresses the need for federal legislation to direct that all future boilers, with the exception of nuclear facilities, be coal-fired, and to attempt to have present boilers converted to coal in a reasonable period of time.

He also states that there must be waivers granted for the burning of high-sulfur coal until near the end of the decade, at which time utilities would have to install some type of sulfur emissions control system.

"In the meantime, under these conditions, the utilities would have no choice except to issue contracts," says Mr. Wilcock. These longer-term contracts for coal would then trigger the expansion of old mines and the addition of new mines, he believes.

If this type of legislation comes to fruition to assist coal mining, there are other regulations that still will frustrate the industry's attempt to meet even its present demand.

The coal industry's capability to produce coal as required has been graphically demonstrated; almost each year its productivity increased, based on tons per man per day (T/M/D), until 1969.

The underground mine had reached an industry peak of 15.61 T/M/D. In 1969, the productivity indicator slid to 13.76 T/M/D. Last year, productivity decreased further to 11.91 T/M/D.

Industry spokesmen agree that the major cause of this dramatic drop is the 1969 Mine Health & Safety Act. They note that they are not challenging the law or the value of it. However, they do take serious issue with the enforcement procedures.

"If these laws are not enforced with more logic and less silly harassment, you are going to continue to have a drag on productivity," says one spokesman.

To add definition to "silly harassment," another spokesman points to a mine that was completely shut down because a toilet did not have a sticker stating that it met Bureau of Mine requirements. He also recalled a mine being issued a significant citation because the glass on the main office bulletin-board was cracked.

"Nobody's saying, 'Change the laws or eliminate the requirements.' They are simply saying, 'Exercise some judgment in how they are enforced.' "

TRAINED MANPOWER REQUIRED

Another aspect of the health and safety legislation slowed down productivity and also added to the skilled manpower shortage underground mining faces. Industry sources estimate that about 700 underground mine foremen were taken out of productive mining positions and made safety inspectors.

To counter the manpower shortage, industry, government, and academia already have begun to act in concert. Last June, 260 mining engineers were graduated in the U.S. Although this number is small, it is two and one-half times the number graduated in 1970.

Major coal-producing states, such as Pennsylvania, are planning or have underway state-funded vocational training programs for underground miners.

"However, the majority of the training burden is to fall on the coal companies," stressed Dr. Robert Stefanko, professor of mining, Pennsylvania State University, at "Coal for the '70s: A Pennsylvania Action Conference."

Recognizing this fact, Mr. Hartman of Peabody Coal adds, "We have to find people who recognize the advantages of working underground. We have our own training schools . . . we get applicants who desire a position in an underground mine and have no experience, and we trim them."

Before these people can be trained, they must be attracted to an industry that admits it has "an image problem." One of the most often suggested remedies for this "image problem," voiced by both management and labor, is one of the most basic requirements for meeting the coal demand of the 1980s and '90s; improved mining technology.

Mining technology and extraction methods have not exactly moved at a Space Age rate.

As late as 1947 all of the bituminous coal in the U.S. was mined either by hand or first-generation mining machines, says a coal technology spokesman at the Battelle Memorial Institute, Columbus, Ohio. In the 1950s the advanced continuous-mining method came into prominence and has been the mainstay of the domestic coal industry.

There have been some advances in technology, namely European-developed long and shortwall mining techniques. But in 1971 these methods accounted for only 2.5% of domestic production.

"It's rather ironic that recent criticism has been directed to mining machinery manufacturers for barely being beyond the pick-and-shovel stage when at least two of these companies [out of four] publicly reported unsatisfactory 1973 income, due to low volume sales of coal machinery," says Kent E. McElhatten, president of the Pittsburgh-based National Mine Service Co., and one of the original designers of the continuous-mining machine.

A DOUBLING OF COAL PRODUCTION SHOULD BE POSSIBLE EVEN BY 1980

This lack of revenue has apparently dampened R&D efforts and led to a trimming of research funds. However, money is coming for stepped-up R&D efforts.

"Congress has provided $7.5 million supplemental appropriation for fiscal '74 which is for excavation and mining research," says Dr. Robert Marovelli, division chief for mining research, health, and safety of the U.S. Bureau of Mines. Next year the division is expecting a mining R&D allocation of $46.5 million.

The reason for the massive infusion of funds is not simply the lack of a coordinated R&D effort from the industry. The Office of Coal Research has stated: "Present coal mining technology is inadequate to the task of producing the quantities of coal which are projected to be required by 1985 at acceptable environmental and social cost."

And so the office plans to divide its research efforts and money along two paths: surface or strip mining research and underground research.

Because underground is the more complex and technologically oriented extraction method, most of the funds throughout the entire five-year life span of the program are for underground technology. The proposed five-year budget for all extraction methods is $334 million.

The underground research efforts will involve the following areas:

High-speed mine development systems.

Automated longwall mining machines.

Automated/remote control continuous mining.

Automated continuous roof supports.

Mining systems for western coal.

Environmental protection of surface areas near underground mines.

Advanced mining systems.

Underground coal gasification.

If these efforts are successful, mining experts foresee individual productivity increases of as much as 50% in certain areas and cost savings of 25% for new mine construction.

Guided by the two interrelated considerations of economics and environmental protection, the government R&D effort will address two areas in surface mining:

Improved surface mining systems.

Improved excavation and reclamation equipment.

In addition to government R&D into future technologies, universities, through their mining colleges, and private institutions are funding research efforts to produce the needed technology.

One such private program is being conducted by Battelle Memorial Institute. This $25 million, five-year effort concerns the entire coal technology spectrum, from extraction technology to end-use technology, and will involve such areas as burner technology, methanol production, and chemicals from coal.

A major portion of the research will concentrate on mining operation experiments which include a systems approach to underground mining, machine utilization in surface mining, and reclamation in surface mining.

"The ultimate objective of this program is to get this R&D used," says Jack G. Conner, associate director of the Battelle energy program; "this is not a basic research program." Mr. Conner explains that the institute hopes to be able to patent and license for commercial use any process it develops.

Although all of the government and private R&D efforts are welcomed by the coal industry, the industry also realizes that these projects are to last for five years.

Before these programs come to an end in 1980, the domestic coal industry still is expected to double its production with present technology.

Today, coal company spokesmen state that their mines are operating at capacity. But they emphatically assert that their capacity is not limited by technology; it is limited by the legislative and economic conditions under which they must operate.

"A doubling of coal production should be possible even by 1980 if the needed incentives were provided," states an expert from the Cornell Workshop on the National Energy Research & Development Program.

If the incentives are provided, an immediate impact will be felt by the mining machinery manufacturers. The impact, they believe, will not take the form of quantum technology jumps in machinery, but simply that of supplying the present machinery to meet the created demand.

"The availability, or lack thereof, of coal face extraction machinery may, in the final analysis, prove to be the lone insurmountable problem in meeting the coal production requirements," says Mr. McElhatten, whose National Mine Service Co. is now estimating leadtimes on new equipment at 14 months.

This leadtime is certainly not unique within the industry. "If we could ship as fast as they order," says a spokesman for Jeffrey Mfg. Co., Columbus, Ohio, "we'd be sitting on top of the world. Right now, it's not next month; it's next year."

Manufacturers of surface-mining equipment face the same leadtime situation. Marion Power Shovel Co. Inc., Marion Ohio, gives a leadtime of "two years, possibly longer."

For the type of massive power shovels and draglines required for surface mining, there is an additional six- to 18-month on-site assembly time.

The reasons for these leadtimes, say industry sources, are individual design requirements and manufacturing space. The Cornell Workshop report also states that the power shovel and dragline manufacturers have been given 18-month leadtimes on large gear cutters, which are vital to production.

A manufacturing spokesman further states that the leadtimes are for those pieces of equipment that start design and construction now. Marion Power Shovel estimates it has a four-year backlog of orders.

Even working with tremendous backlogs and with the government pouring millions into coal technology research, the R&D departments of the manufacturers and the coal companies have certainly not been idle. Nor have the manufacturers and the operators been pursuing their own goals for technology advancement.

"The degree of success of any new mining venture or profitable continuation of an existing operation may well be decided by the relationship between the mine operators and equipment manufacturers," says Mr. McElhatten.

Because of this cooperation and understanding of each other's difficulties, spokesmen say that near-term technological advances will be mainly improvements in existing equipment and better utilization of the equipment—but with few, if any, breakthroughs.

One recent major advance is a technological development by Consolidation Coal Co., which conceivably could boost mine output by 50%.

Basically, it is a hydraulic, in-mine transport system for mined coal. The coal is crushed, slurried, and pumped from the mining machine directly to the surface.

Present operations call for coal to be ripped from the coal face by a continuous-mining machine and dumped into a shuttle car, which then moves to unload at a conveyor belt or another shuttle car for rail transport to the surface.

While the shuttle car is away from the continuous-mining machine, the machine must stop mining. Because of this delay, mining machines are able to produce only about half the time.

The Consolidation system thus is expected to allow the continuous-mining machine to genuinely be continuous.

TOMORROW'S TECHNOLOGY

After the next ten or 20 years, what promises does ultra-advanced technology hold for coal?

Engineers and unrestrained planners at Marion Power Shovel have toyed with the idea of lasers for breaking coal and stripping overburden at surface mines. However, Marion spokesmen caution that this is pure blue-sky design and nowhere near reality.

"I think that if you are talking about Buck Rogers-type technology," says a Bureau of Mines spokesman, "you are looking at fewer men underground, remote control . . . keeping men back from dangers, maybe in air-conditioned cabinets where all they will be doing is monitoring operations. Some foresee such things as surface-controlled underground mining with TV monitors. Now this is really way, way out. No one sees this as being a practical approach."

And people in the coal business are practical people. They realize what is expected of them, and they realize they can do it.

However, the immediate answer is not a well-funded, man-on-the-moon type of technology push from Washington.

A large part of the answer, however, does come from Washington—in the form of new legislation, revised legislation, and logical enforcement of existing legislation.

"We have the capability to become self-sufficient," states E. P. Berg, president and chairman, Bucyrus-Erie Co., South Milwaukee, Wis. "It is vital to our future welfare and urgent that constructive steps be taken as soon as possible. It is up to the government to enact legislation which will allow the energy industries to move forward now."

WRITER OF LEAKED MEMOS

(Mr. WAGGONNER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WAGGONNER. Mr. Speaker, I would like to take a minute to commend Mr. Dan Thomasson for an enlightening article in the June 18 edition of the Washington Star-News.

Upholding his reputation for factual journalism and sense of fair play, he bares some interesting facts pertaining to the leaked memos from the House Judiciary Committee. It is a shame a few others are not equally fair minded and objective.

It follows:

WRITER OF LEAKED MEMOS—DIXON SERVED MCGOVERN

(By Dan Thomasson)

William P. Dixon, the House Judiciary Committee staff member whose damaging memoranda about President Nixon have been leaked to the press, was a coordinator in the 1972 Democratic presidential campaign of Sen. George S. McGovern of South Dakota.

Dixon also was one of those named in a General Accounting Office report on campaign funding violations in McGovern's Wisconsin effort.

Dixon's 14 memos, seven of which have found their way into the hands of reporters, have upset House Democratic leaders who believe the committee's investigation may be discredited. The memos have infuriated Committee Chairman Peter W. Rodino Jr., D–N.J., and John M. Doar, his chief counsel.

No one has accused Dixon of leaking the memos himself. Rodino has ordered that no more such memos be written.

Rep. Charles E. Wiggins, R-Calif., complained that Dixon's memoranda were written from an advocate's view and therefore were not accurate or complete. "Dixon was looking at only the most damaging aspects of the evidence," Wiggins said.

The memos have been extremely harmful to Nixon's case. One of them reports that Nixon told former Atty. Gen. John N. Mitchell to claim the Fifth Amendment privilege, should he be asked to testify about the Watergate break-in or cover-up.

Sources said today Doar was perturbed because he considers preparation of the memos an attempt by some of the committee's ultraliberal members to undercut the methodical, nonpartisan manner in which he has been presenting evidence to the panel.

The members who asked for and received the Dixon memos over Doar's objections, the sources said, are Democratic Reps. Robert W. Kastenmeier of Wisconsin; Robert F. Drinan of Massachusetts, John Conyers Jr., of Michigan, and Jack Brooks of Texas. All have opposed Nixon's policies and have been outspoken in their contentions that he should be impeached.

Dixon's liberal Democratic background and work for Nixon's 1972 presidential opponent were expected to cause further problems for the committee—particularly if the memos continue to be leaked.

Dixon joined the permanent staff of the Judiciary Committee late in 1973, after leaving his post as counsel to Wisconsin Democratic Gov. Patrick J. Lucey. He became a counsel on the Judiciary Committee subcommittee chaired by his fellow Wisconsinite, Kastenmeier.

One of his first tasks was to help conduct the proconfirmation investigation of Vice President Gerald R. Ford.

During the 1972 McGovern campaign, Dixon served from April to August as treasurer of the Wisconsin McGovern for President Committee. He also was state coordinator for the campaign and, after the Wisconsin primary, went to work for McGovern in other states.

On Aug. 13, 1973, the GAO issued a report stating the Wisconsin McGovern committee had violated the Federal Election Campaign Act by failing to maintain complete and accurate records of receipts and expenditures.

The report, which named Dixon and others as officers of the committee, said GAO

investigators in a sample of the committee's records, found $8,100 in receipts and $7,600 in expenditures which were either not itemized or were improperly itemized.

"We found that the records maintained by the committee were not adequate to permit us to verify the financial reports submitted or for the committee treasurer to prepare adequate reports of receipts and expenditures," the report said.

"The committee did not maintain a formal accounting system, but instead used its checkbooks, which we found to be inaccurate and unreliable . . .," it stated.

COMPULSORY VOTE?

(Mr. WAGGONNER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WAGGONNER. Mr. Speaker, inherent in our political system are certain basic rights belonging to each citizen, and voting by the American people for those who will govern is an extension of these basic rights.

With this in mind, it is difficult to comprehend a proposal such as the one reportedly recommended by Ralph Nader in the June 10 edition of the Washington Star-News. It follows:

[From the Washington Star News, June 10, 1974]

COMPULSORY VOTE?

Consumer advocate Ralph Nader doesn't want the right to vote merely available or safe, he wants it to be unlawful not to vote. Citing a turnout of only 49 percent in key California primary last week, Nader told a San Francisco audience yesterday that something should be done about it.

A compulsory voting law would eliminate the effort of registration drives, prevent politicians from pandering to certain blocs, and prevent government obstruction of the franchise, he said. Voters who didn't like anyone on the ballot could abstain.

The exercise of our rights are, by definition, discretionary. In fact, Congress is prohibited in both the Bill of Rights and in the Constitution in general from making laws which would abridge the basic rights of the American people. Are we to assume Mr. Nader is calling for just such a law?

While the achievement of 100 percent voter participation is in itself desirable, the practical effect of such a proposal would surely result in a deprivation of freedom to exercise the right to vote.

I would remind Mr. Nader that the right not to vote is implicit in the basic freedom just as the right to vote is spelled out. Taken to its logical conclussion, his plan suggests a Communist-like state of affairs where voting is forced on the public by the authorities, and I do not believe that situation is conducive to our brand of democratic free elections.

We certainly do not condone failure to exercise our voting franchise. But let us remember that it is a right, just as religious freedom, for example, and rather urge participation through means other than force. Here again, while church attendance might be in the best interest, forced participation in church worship would destroy the freedom of worship principle.

I wonder what Mr. Nader would suggest as a punishment for offenders. And, if forced voting is here, can forced votes be far behind? I think the alternative to our voting by right concept speaks for itself in its impracticality.

SALT I IN LIGHT OF "COLD DAWN"

(Mr. BLACKBURN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BLACKBURN. Mr. Speaker, yesterday, I advised this body of my deep concern that President Nixon's forthcoming Moscow visit may result in a Soviet nuclear arms advantage over the United States.

When President Nixon entered into the SALT I agreement with the Soviet Union, he was riding on the crest of a wave of popularity at home. Also, the United States enjoyed clear superiority in ballistic missile warheads over the Soviet Union.

As a consequence of SALT I, however, the United States negotiated away much of that superiority to the Soviet Union. And today, Mr. Nixon prepares for his new mission to Moscow lacking the popularity he enjoyed earlier.

No one is more aware of this change of circumstances than the leaders of the Soviet Union. Few single actions have made this so clear as the action of Mr. Paul Nitze in submitting his resignation as chief U.S. negotiator for strategic arms limitation talks with those Soviet leaders.

If the reading of the language of Mr. Nitze's resignation is not sufficiently alarming; if the SALT I created facts contained in my yesterday's statement are not sufficiently sobering, I respectfully call the attention of my colleagues to the contents of the special book review "Cold Dawn," published in the June-September 1974 issue of the periodical, the Alternative.

This review was written by Prof. James E. Dornan, Jr., chairman, Department of Politics, Catholic University of America. "Cold Dawn": the story of SALT, authored by John Newhouse, is an analysis of the concessions granted the Soviets by the United States in SALT I. As suggested, it does much to underscore and justify my fear that President Nixon's new mission to Moscow could result in an acceleration of the unfavorable trends started in the earlier agreement. I submit the Dornan review for the consideration of my colleagues:

COLD DAWN

In his perceptive analysis of the impact of the 1972 strategic arms agreements upon the global military balance, the British scholar John Erickson observed that "more than one Soviet strategist and military planner these days must be still rubbing his eyes in order to make sure that he is not, after all, dreaming." Ten years ago, in the aftermath of the Cuban missile crisis, the prospect of permanent strategic inferiority must have appeared depressingly real to the Soviets; today, *mirable dictu*, after the lapse of a single decade the USSR is "not only guaranteed parity with the United States but also accorded the possibility of eventual superiority" (Erickson, "Soviet Military Power," *Strategic Review*, I [Spring, 1973, Special Supplement], p. ix).

Nearly all commentators on SALT who do not belong to the assured destruction school of nuclear strategy have rendered similar judgments; indeed, the unremitting Soviet military buildup over the past eighteen months has given rise in some quarters to fears that the Soviets may attain usable military predominance over the West by 1980. Though such views may be considered excessively pessimistic, few would today assert that the United States emerged triumphant from the Helsinski-Vienna bargaining, it is thus imperative that we extract the relevant lessons from SALT I and apply them to current and future negotiations with the Soviet Union. In particular, it is essential that we discover how and why the United States came to concede numerical superiority to the USSR in the principal instruments of modern war.

John Newhouse's *Cold Dawn: The Story of SALT** is clearly the best place to begin an inquiry into the diplomatic process which begat the Moscow accords. (His monograph has been acclaimed, in fact, as the "definitive" account of the SALT negotiations, an assertion which is empirically difficult to challenge inasmuch as it remains up to now the only account.) *Cold Dawn* is several books in one. For the general reader it may serve as an introduction to the revived debate over the proper nuclear strategy for the United States, written by an articulate proponent of one school of thought in that debate. Thus, the uninitiated will discover the logic of deterrence, basic strategic concepts such as counterforce and countervalue, and such superficially arcane acronyms as MIRV, NCA, BMD, ABM, and MAD, all explained with reasonable clarity and occasionally with wit. Beyond that, Newhouse's volume is a history of American strategic thinking over the last decade, tracing U.S.-Soviet military relations—and the origin of the strategic arms negotiations—from the early sixties to the present, with often perceptive insights into the views on American nuclear strategy which were held by principal figures during that period. Of particular interest is his analysis of Robert McNamara, who set the SALT talks in motion, he argues, to head off public pressure for deployment of a broad-coverage ballistic-missile defense system.

Finally, *Cold Dawn* is a highly dramatized account of the SALT negotiations themselves, coupled with an obvious—although seldom directly stated—defense of the results. Serious students have been repelled by the novelized style into which Newhouse frequently lapses, especially when chronicling the progress toward agreement in late 1971 and early 1972; his account is replete with "whodunit" motifs and other conceits more appropriate to a writer of suspense fiction, and suffers as well from tedious overuse of theological metaphors. All of this seems designed to persuade the reader that he is being allowed a brief look into a very secret world, whose mysteries he cannot fathom and whose decisions he must not presume to challenge. To be sure, in one sense the former statement is true: *Cold Dawn* is clearly an "insider's" account, based on leaks from one or more of those now proverbial "sources close to the negotiations"; indeed, there have been reports from other such "sources" that Mr. Kissinger himself released top-secret data to Newhouse, including transcripts of cables relaying instructions from Washington to the American negotiating team. Not surprisingly, these allegations have been denied by the secretary, and other reports suggest that Raymond Garthoff of the State Department, formerly senior advisor to the American delegation, was Newhouse's primary source of "closely held" information. In any event, Newhouse does provide us with an absorbing—if clearly partial and incomplete—glimpse into the development of the American negotiating positions and the manner in which concord with the Soviets was finally achieved.

In the process, he makes several points worth noting. He appears to reject the over-

simplified "action-reaction" theory of the arms race, so beloved by Mr. McNamara (and, as Newhouse reminds us, by Napoleon), even if he substitutes for it the equally ingenuous Kissinger view which holds that arms races stem from the "inexorable march of technology." He writes knowledgeably concerning certain aspects of the American negotiating style, calling particular attention to our difficulty in maintaining requisite firmness and consistency when bargaining with the Soviets. Attention is also drawn to the time constraints placed upon the American SALT delegation by the President's insistence that an agreement be ready for signing at the Moscow Summit. Newhouse even concedes—unfortunately without elaboration or adequate analysis—that a condition of "rough parity" is not without its dangers for the West, and that in the wake of the concessions granted to the USSR at SALT I the United States has little leverage or bargaining power to exploit in the follow-on negotiations now under way. Finally, his analysis of the inter- and intra-agency bargaining which accompanies the development of every American negotiating position and invariably damages that position, often quite gravely, deserves serious study.

Newhouse's account is nonetheless most valuable for what it reveals without intending to do so.

The story of SALT is at core a story of retreat—a virtually unbroken retreat by the United States from every proposal offered and evey position taken during the course of the negotiations. Initially the American delegation proposed a "freeze in place" on offensive and defensive land-based missiles, which would have left the United States with a small ICBM margin and a protective force of twelve ABM installations (assuming funding by Congress) compared with one for the USSR. When the Soviets rejected this position, we suggested that both sides be limited to 1710 strategic launchers (then, as now, the American total). This offer too was quickly spurned; and, with what even Newhouse concedes was unseemly haste, our second offer was replaced by the famous "August 4th" proposal, which basically contemplated a freeze at a higher level for both sides, at approximately 1900 launchers. Once again, the Soviets were intransigent, and by now Kissinger had become persuaded that their objective was superiority in numbers of offensive missiles. His reaction, in Newhouse's disarming phraseology, was to accept the fact that any agreement would have to "grant Moscow . . . a sizable edge in strategic missiles," and a series of new initiatives was proffered on that basis; in rapid sequence we then retreated from most of our earlier defined "collateral restraints" designed to assure compliance with the agreement, abandoned our insistence that mobile missiles be outlawed, and dropped our demand for a clear definition of what constitutes a "heavy missile."

The final treaty, of course, limited both sides to the strategic launchers either completed or asserted to be under construction as of mid-1972, thereby affording the Russians a three to two numerical advantage. Additionally, it allowed only two missile defense sites, one protecting the national capital area (NCA) and the other protecting an ICBM field. Even in the ABM provisions the Russians gained the advantage: there was never any possibility that Congress would appropriate funds to construct an American NCA site, and the Soviets' "Galosh" system affords at least limited protection for 300 ICBM silos emplaced near Moscow.

Newhouse recounts in depressing detail this stream of American retreats, unmatched by any counterconcessions from the Soviets, although he never identifies them as such. Neither does he comment on the relationship between the U.S. failure to persuade the Soviets to meet us at least one-quarter of the way, and the American negotiating style itself. As Professor William Van Cleave, formerly an advisor to the U.S. SALT delegation, has emphasized, the United States remains "politically naïve" in its approach to bargaining with the Soviets.

"Our driving assumption," he argues, "has been that arms control negotiations are a uniquely cooperative process, wherein compromise is a mutual objective and negotiation a non-zero-sum game where both sides stand to gain mutually and equally. . . . The Soviet Union, however, seems clearly to have regarded SALT as another competitive endeavor, where the objective is unilateral advantage and where one can gain at the expense of the other" ("International Negotiations," Hearings before the Subcommittee on National Security and International Operations, Part 7, July 25, 1972, p. 200). Thus we assessed proposals not primarily in terms of their ultimate impact upon the military balance, but in terms of what we believed the Soviets might accept: negotiability was the principal criterion which shaped the successive U.S. positions. Since the Russians resolutely stuck to their basic viewpoint—an insistence on a substantial margin of numerical superiority—it was inevitable that the results of the "bargaining" would be unfavorable to American interests.

Newhouse's analysis is marred as well by a persistent effort to interpret Soviet attitudes and behavior in the most favorable way possible, and from an astonishing ignorance of Russia's military doctrine. The Soviet leadership, he believes, agreed to enter arms limitations talks in 1968 in order to curb the rising power of their own military bureaucracy, rather than to avert U.S. deployment of MIRV and ABM. The stalemate in round three of SALT is attributed to disagreements within the Soviet delegation, rather than to a calculated stall allowing further Russian missile deployments. Russian eagerness for an ABM freeze is taken as evidence that they, like the United States, believe that a situation of mutual assured destruction (MAD), in which the populous cities of each side are intentionally left vulnerable to nuclear devastation by the other, is the most stable strategic state; ignored is the possibility that the Soviets may have decided to acquire at least a partial damage-limiting capability (i.e., a capacity to limit the amount of destruction which the United States could wreak upon Soviet society should deterrence fail) based on an ability to destroy a large portion of America's own strategic force in a preemptive blow. (It is even possible that the Soviets are planning a technological leap forward to a defensive system based on such devices as the high-energy laser, not necessarily banned by the ABM Treaty.) As close students of Soviet military thought (for example, John Erickson, Thomas W. Wolfe, and William Schneider) have pointed out, there is in Russian strategic doctrine no equivalent of "assured destruction."

Indeed, mutual assured destruction is precisely the strategic state in which the Soviets found themselves towards the close of the Khrushchev era. The latter's views on the proper military posture for the USSR were found somewhat wanting during the Cuban missile crisis, and were subsequently rejected by Soviet military and political leaders alike; Professor Erickson believes that the massive post-1964 Russian military buildup has in large measure been motivated by a desire to avoid the foreign policy implications implicit in acceptance of a MAD posture (see Erickson, op. cit., pp. xi–xii). In any event, Soviet strategic thinking during the past decade has emphasized the need for *both* counterforce and countervalue options. Newhouses's gratuitous assertion that the Soviet military build up has been accompanied by "no formal strategic doctrine" is thus simply false—as even a cursory review of the available literature demonstrates.

Like the American delegation, Newhouse is unable to accept the probability that the Soviets entered the SALT negotiations deliberately seeking to gain strategic advantage over the United States. This may partially explain his failure to examine critically the various arguments offered by Administration spokesmen and by Mr. Kissinger in particular in defense of the accords. Americans have been repeatedly urged to avoid contemplating the numerical advantages guaranteed the Soviets, and to reflect instead on our likely fate in the absence of the treaty. The Soviets, Mr. Kissinger has said, were constructing 250 ICBMs and 128 sea-launched missiles a year, and by 1977 would have deployed over 2500 of the former and 1340 of the latter (on ninety boats) if not halted by the agreement. The sublimit of 318 placed on Soviet deployment of heavy missile launchers has been singled out for particular praise, on grounds that it rendered impossible or at least substantially delayed Soviet acquisition of a significant first-strike capability. Administration spokesmen have also cited the U.S. lead in warhead technology and the longer range of our sea-launched missiles as further proof that SALT has not endangered America's strategic position.

Careful analysis reveals, however, that these arguments are essentially false, and were known by Mr. Kissinger to be false from the start. Prior to the signing of the accords, Administration sources were predicting both publicly and privately that Soviet ICBM launcher deployment would level off at 1600 or so, enabling the USSR to concentrate its efforts on warhead accuracy, MIRV, and other qualitative improvements; no one either within or outside the government was anticipating further large-scale Russian deployment of land-based missiles.

Furthermore, due to a highly significant Soviet advance in launching technology—which Newhouse suggests Washington was aware of as early as April 1971—the agreement does not prevent the Soviets from adding additional ICBMs to their arsenal in any event, nor does it forestall substantial increases in the throw-weight of their missiles. (The throw-weight of a missile, of course, affects the size and numbers of warheads it can carry.) Contrary to widespread understanding, the SALT accords do not restrict the number of *missiles* each side may deploy, but only the number of *launchers*, i.e., silos or submarine missile tubes. This distinction has usually been thought to possess little significance: ignition of the missile and other effects of the launching process normally result in heavy damage to the inside of the silo, meaning that only one missile could be launched per silo (at least during a reasonably short war). Launcher damage is avoided in the case of sea-launched missiles by use of a compressed gas ejection system, which expels the missile from the tube prior to ignition, but the number of missiles which a submarine can deploy is limited in any event by the size of the boat. Now, however, the Soviets have developed a "cold-launch" technology, similar to that utilized in missile-firing submarines, for use with their ICBMs. This means not only that the USSR will have a rapid reload and refire capability, enabling them to deploy two or more missiles per silo; it will also permit them to increase substantially the size and thus the throw-weight of their missiles by eliminating the need for protective shielding in the launcher.

Both the numerical and the size restrictions contained in SALT are thus dead letters—and, let me repeat, the Administration knew when SALT was signed that they were ineffectual obstacles to further upgrading of the Soviet missile force.

Since SALT, moreover, the Soviets have taken a giant step toward perfecting MIRV technology in a series of tests involving a

whole new generation of long-range missiles—a development which the Administration had been predicting for several years prior to February 1972. This new ability to launch missiles with accurate multiple and independently targeted warheads, when combined with the cold-launch technique and the basically larger size (and thus throw-weight) of the new missiles, will within a few years enable the Soviets to deploy even medium-sized counterforce ICBMs with the capacity to hit U.S. Minuteman silos. And this is quite apart from the counterforce capability already extant in their SS–9 force.

Equally disingenuous have been the Administration's arguments in defense of the SALT provisions concerning sea-launched systems. The Soviets had completed only 25 SSBNs by May 1972, with 17 to 23 more under construction, and were adding boats at the rate of 8 or 9 per year; even had they continued to build submarines at that rate (they haven't), they could have deployed no more than 65 by 1977—merely three more than permitted by the SALT agreement. The accords, therefore, "limited" the Soviets to approximately the maximum number of sea-launched missiles which they could have constructed in any event. Finally, the 62 to 44 disparity in SSBNs permitted the USSR by SALT has been justified by the shorter range of the Russian SLBMs and the lack of Soviet access to overseas bases; the USSR, Mr. Kissinger has explained, requires three SSBNs to every two of ours to maintain an equal number on station. That argument too is false, and once again was known by Mr. Kissinger to be false when he first articulated it. The Russians had been developing a 4000-nautical mile range SLBM since early 1971, and they began deploying it on their newly designed "Delta" submarines in mid-1972.

In short, the nonpolitical arguments supporting SALT I, which attempt to explain away the numerical imbalances in the accords by an elaborate analysis of the weapons systems allowed both sides, are for the most part scandalously false. To the extent that the Administration has rested its defense of the accords upon these arguments, it has deliberately deceived the American people. SALT did not in any way avert a further Soviet accumulation of strategic weapons, nor is our security guaranteed by any notable American advantages in warhead or submarine technology. SALT did not halt or even retard the arms race, at least on the Soviet side. Rather, it signaled the abandonment by the United States of its promising ABM system; we are thus unable to protect our missiles and thereby enhance deterrence in the face of a growing Soviet counterforce capability, or to protect our population should deterrence fail. In addition, SALT formally registered acceptance by the United States of a significant Soviet advantage in strategic weapons—an advantage certain to increase substantially in the future. The potential political consequences of the accords in Europe and elsewhere have yet to be carefully analyzed, but the possibility that the Soviets will be able to translate their military gains into political advantage as well cannot be denied.

As I have indicated, there is no reason to doubt that the Administration—Secretary Kissinger in particular—is aware of the above considerations. The question thus remains: what advantages did Nixon and Kissinger perceive for the United States in the SALT agreements? Why, in a word, did SALT happen? To ascertain the answer one must leave Newhouse and scrutinize the more basic Administration views on military and foreign policy.

Available evidence indicates, for example, that Secretary Kissinger himself is a MADman, although the record is not without its ambiguities. In the scholarly writings which first brought him academic fame in the middle and late fifties, he quite directly identified himself with the "finite deterrence" school of nuclear strategy, whose members believed that the maintenance of a stable military balance between the superpowers would be a relatively easy task once each had acquired an invulnerable second-strike force; under such conditions, he argued, disparities in the actual numbers of missiles possessed by each side would normally be unimportant. Although in *The Necessity for Choice* (1960), he expressed concern for the allegedly impending "missile gap," he vigorously attacked those who argued that to achieve stable deterrence the United States should acquire at least a limited counterforce capability; such a posture, he argues, would be "provocative" to the Soviets and might overly stimulate the arms race. For more than a decade he has rejected the view that nuclear weapons are useable for political purposes; his solution to the dilemma implicit in the "assured destruction" strategy in the development of a subsubstantial limited-war capability by the NATO alliance.

Mr. Nixon's views are more ambivalent. In each of his annual State of the World messages (apparently drafted by Mr. Kissinger) he has attacked the "assured destruction" posture for its lack of flexibility, asking whether he ought to be restricted to responding to a nuclear attack—presumably meaning an attack directed primarily at U.S. military targets—by "ordering the mass destruction of enemy civilians, in the face of the certainty that it would be followed by the mass slaughter of Americans" (*1970 Report*, p. 122). But until this year the President had not seriously attempted to persuade Congress to appropriate funds for the kinds of hard-target weapons which would provide other options; in fact, it is well known that on several occasions the Administration decided not to go ahead with a hard-target warhead program as a gratuitous gesture of goodwill to the Soviets. Moreover, the SALT process itself provides a vital clue to the Nixon-Kissinger nuclear strategy: as Professor Van Cleave and Donald G. Brennen both have observed, in formulating American negotiating positions no serious consideration was given to any alternative other than a MAD posture (see Van Cleave *op. cit.*, p. 205, and cf. Brennan's testimony on SALT before the Senate Committee on Foreign Relations, reprinted in *Congressional Record*, vol. 118, pt. 18, p. 23623).

Indeed, while defending the accords during his post-SALT congressional briefing, Kissinger emphasized that the primary strategic result of the agreements was to ensure the mutual vulnerability of each power, and expressed his hope that SALT II would produce an agreement that would make counterforce strategies impossible for both sides.

The Administration could therefore adopt the SALT agreement with enthusiasm—and employ false arguments concerning the present and future military balance in defending it—because Nixon and Kissinger believe, in accordance with the dictates of the MAD strategy, that only at some vague and undefined level do weapons disparities between the two powers assume military or political significance. Newhouse, also a self-confessed MADman, makes no attempt to evaluate this assumption.

Neither does he challenge the final argument for SALT: that whatever their technical deficiencies the accords are worthy of support because they contribute to détente, and that détente, in turn, will in the last analysis ensure their viability. The agreements, Mr. Kissinger stated during the congressional briefing, "must be soon as a political event of some magnitude . . . any country which contemplates a rupture of the agreement or a circumvention of its letter and spirit must now face the fact that it will be placing in jeopardy a broad political relationship."

The viability of MAD ultimately rests on the belief that deterrence will never fail; and for Nixon and Kissinger, this assurance in turn ultimately rests on the unshakeable conviction that détente is a reality. Thus it once again becomes clear, as I have argued at length elsewhere from a different perspective (see "The Nixon Doctrine and the Primacy of Détente," *Intercollegiate Review*, IX (Spring, 1974), forthcoming), that détente is both the wellspring and the ultimate goal of the Nixon Administration's entire foreign and military policy. So far Nixon and Kissinger's trust in the Soviet commitment to détente appears unshaken; other Administration figures such as Secretary of Defense James Schlesinger and Iklé, alarmed at the massive and continuing Soviet military buildup since SALT I, are increasingly doubtful.

Newhouse notes in one of his more analytical moments that an arms control agreement may be either stabilizing or destabilizing, depending on the motives of the parties; a one-time student of history named Henry A. Kissinger has also warned us that "the danger to the equilibrium is never demonstrated until it is already overturned" (*A World Restored* (1964 ed.), p. 163). It remains to be seen whether the damage to the strategic equilibrium wrought by SALT I will be rectified or reinforced by SALT II.

CIGARETTE PLUGOLA

(Mr. VAN DEERLIN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. VAN DEERLIN. Mr. Speaker, at the appropriate time tomorrow, when the House is considering the new agricultural appropriations legislation, I intend to offer an amendment to cut off funding for the overseas promotion of U.S. tobacco products.

Believe it or not, we are still helping underwrite cigarette advertising in Thailand and Austria, to the tune of $130,000 a year.

With smoking officially labeled a health hazard in this country and cigarette ads banned from the air waves, it is nonsensical to continue this particular sales pitch overseas.

The marketing agreements under which we help peddle cigarettes in Austria and Thailand of course predate the Surgeon General's findings about the perils of smoking. Yet they continue to exist and be renewed, as if imbued with lives of their own.

The text of my amendment, which would end these anachronistic agreements, follows:

Amendment to H.R. 15472, appropriations for Agriculture, Environment, and Consumer Protection:

On page 18, immediately after line 15 insert the following: "*Provided further*, That no funds contained in this appropriation shall be available for the promotion or advertising of tobacco or any tobacco products in foreign nations".

STATEMENT ON CARGO SECURITY BILL

(Mr. PICKLE asked and was given permission to extend his remarks at this point in the Record.)

Mr. PICKLE. Mr. Speaker, I am today submitting a bill for House consideration which is designed to attack cargo theft and loss within all modes of transportation—truck, air, rail and water. Senator BIBLE has introduced the bill in the Senate, and I now submit it to my colleagues.

Cargo loss and theft have so increased that legislative action in mandatory. If we do not take steps to assure cargo security, our national economy will suffer. Senator BIBLE contends that "thievery, pilferage, hijacking, and unexplained loss of cargo" in the transportation industry costs us anywhere from $1.5 billion to $2.8 billion a year. When indirect costs are added, the total figure is an estimated $8 to $10 billion. Today's cargo theft and loss rates benefit no one except organized crime; consumers pay crime-inflated prices and small businesses wage a continual battle to survive in the face of devastating losses.

The Federal Government has a responsibility to promote methods to enhance the safety of cargo transport and storage. The bill that I submit meets that responsibility. According to the provisions of the bill, Federal transportation regulation agencies—specifically the ICC and the CAB—shall establish minimum security performance standards for road, air, and rail carriers. Reports of losses filed with the agencies are to be monitored, and those carriers that fail to meet the performance standards will face fines and the possibility of revocation or suspension of their operating permits.

The Secretary of the Treasury is authorized by the bill to require water carriers to report their losses to the Bureau of Customs. The Secretary may also establish security measures to protect and safeguard cargo at terminals at a port of entry.

In addition to the performance standards and security measures provided for in the bill, an interagency council is authorized. The council is to be established within the executive branch to coordinate all cargo security activities of the ICC, the CAB, and the Treasury, Transportation, and Justice Departments. The Transportation Department is also required to design pilot programs to demonstrate different cargo security systems and to develop advisory security guidelines.

I would like to emphasize that the bill does not establish standardized regulations for all carriers, but rather allows each transportation regulation agency to establish standards tailored to the specific needs of the different carriers. Furthermore, no new or novel Federal power is created. The bill simply broadens the activities of the agencies that already regulate transportation. The development of performance standards is consistent with the activities already performed by the regulatory agencies which set fines and embargoes for the movement of unauthorized goods and for operating in unauthorized areas. And finally, the bill does not seek to control carriers. Air, rail, and truck carriers are still left on their own initiative to adopt security steps where their loss-theft record shows need. The Secretary of the Treasury may develop security measures for water carriers, but these carriers may at any time petition the Secretary for withdrawal of the measures.

I urge the House to respond favorably to the bill. Such legislation is necessary. If we fail to take legislative action, we can only lose while organized crime prospers.

U.S. NEEDY FOUND POORER, HUNGRIER THAN 4 YEARS AGO

(Mr. BURKE of Massachusetts asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BURKE of Massachusetts. Mr. Speaker, I want to take a moment from our proceedings today to reflect upon an article which appeared in this morning's New York Times, relating the testimony before the Senate Select Committee on Nutrition and Human Needs. Consider this fact:

The needy in this country are hungrier and poorer than they were four years ago, despite great increased spending on food programs, and rising world agricultural output has brought little benefit to the hungry abroad.

The experts surmised that the outlook for improvement is grim. Mr. Pollack, director of the Food Research and Action Center of New York, testifying before the Panel said:

I would be pleased to tell you that we have made substantial progress in the effort to eradicate hunger. However, to do so would be untruthful. For the sad and tragic truth is that, over the past several years, we have moved backward in our struggle to end hunger, and poverty, and malnutrition.

Mr. Speaker, while the Federal outlay for special food programs has doubled in recent years, it is clear from the testimony given yesterday, that the country has moved backward in its efforts to eradicate hunger and malnutrition. People, and not just the poor, can no longer afford nutritious food. It is time for the Congress to adopt a new approach. We must encourage the American public to grow what they can. This is a sound and reasonable approach, a fisically responsible approach, which can serve as an adjunct to our special food programs.

I have introduced legislation to encourage the American family to begin producing what they can. The Department of Agriculture at a cost of $6 million would distribute free seeds for use in home vegetable gardens to individuals upon request. Second, I have won tentative approval by the House Ways and Means Committee for my proposal to provide a 7-percent investment tax credit for the home gardener for purchase of garden tools and equipment up to $100.

I believe that the testimony given in the Senate yesterday impels this Congress to consider new approaches to this country's food and nutritional needs, and I believe that my proposals offer this opportunity.

The article follows:

U.S. NEEDY FOUND POORER, HUNGRIER THAN 4 YEARS AGO

(By William Robbins)

WASHINGTON, June 19.—The needy in this country are hungrier and poorer than they were four years ago, despite great increases in spending on food programs, and rising world agricultural output has brought little benefit to the hungry abroad, a wide range of experts told the Senate today.

Furthermore, the outlook for improvement is grim without massive changes in production and distribution systems, population patterns, income levels and aid programs, the experts told the Senate Select Committee on Nutrition and Human Needs.

These were among the conclusions of a four-month study by about 100 specialists from universities, business and the professions, who had been commissioned by the committee to explore world food and nutrition problems.

The committee was divided into two panels to conduct hearings on the experts' reports in two large conference rooms crowded with listeners. The hearings will continue through Friday.

"PLOWSHARES FOR PEACE"

In opening one of the hearings, Senator George McGovern, Democrat of South Dakota, who is chairman of the committee, proposed a "great American initiative" that he called "plowshares for peace."

"I believe this conference should be an opportunity for a new, bolder initiative," Senator McGovern said. "If food for peace was the great American international agricultural initiative of the nineteen-sixties, then I believe that another kind of program—one that might be called plowshares for peace—might be the great American initiative for the nineteen-seventies and beyond."

His proposal, especially, was a program that would help developing countries become more productive and incorporate some of the recommendations from the study group.

In the United States, inflation has exacted a heavy toll on the poor and the aged, the head of one panel of the experts reported.

"Over the past three to four years, our nation's needy have become hungrier and poorer," said Ronald Pollack, director of the Food Research and Action Center of New York, who headed a 26-member study panel on "nutrition and special groups."

THREEFOLD INCREASE

Mr. Pollack noted that Federal spending on food programs had increased three-fold between the fiscal year 1970 and the fiscal year 1974. But he said:

"I would be pleased to tell you that we have made substantial progress in the effort to eradicate hunger. However, to do so would be untruthful. For the sad and tragic truth is that, over the past several years, we have moved backwards in our struggle to end hunger, poverty and malnutrition."

Mr. Pollack's testimony was based on a 185-page report by his group, which illustrated the slide of the needy into deeper poverty.

Between March, 1973, and March, 1974, the study showed, the retail cost of the Agriculture Department's Economy Food Plan—that on which food stamp allocations are based—increased 21 per cent, while the retail cost of the department's Liberal Food Plan—designed for higher-income families—increased 16.9 per cent.

"The poor have been victimized far more by the vast food price increases over the past several years than have any and all of the other economic classes in our country," Mr. Pollack said.

AN UNAVAILABLE OPTION

One reason, his report showed, is that the low-income family spends a larger proportion of its income for food. Another is that higher-income families have been "spending down," that is, buying cheaper types of food, an option that is not available to the poor.

"There simply were no cheaper food items to which they could 'spend down,'" Mr. Pollack said.

And because of the increased pressures on the cheaper types of food, their costs have increased disproportionately. He cited these examples:

While pork sausages increased in price by 68.8 per cent between December 1970, and March 1974, rib roasts increased 43.3 percent; while hamburgers increased 60.3 per cent,

porterhouse steaks increased 38.2 per cent, and while dried beans increased 256 per cent, canned tomatoes increased 20.5 per cent.

The report brought the effects to life on the basis of an interview among a small sample of low-income families around the country. It cited families that had switched to buying dog food for protein, and others with little or no food in their homes and little or no money to buy any, such as the following:

"Several Indian families were found surviving on chocolate bars and state coffee.

"In Walton County, north Georgia, we visited a family who had been illegally denied food stamps. There was nothing to eat in the house but Wonder Bread and hog jowls.

BREAD AND CEREAL

"In the same county a pregnant woman who earns less than the mimimum wage and her unemployed husband had been denied food stamps. They were living on a diet of mostly bread and cereal, having milk only with coffee and meat only once or twice a week."

One reason for the backward slide of poor families, the report showed, was that food costs have risen faster than food stamp allowances and other forms of food assistance and faster than welfare payments.

"We must not be fooled: Food programs are no solution to low wages, to discrimination, to poverty," the report said.

But in the absence of improved incomes or an income-maintenance system, it recommended a number of improvements in food programs.

The report said the aid provided needs to be increased to supply adequate nutritional balance, but—noting that only 35.7 per cent of the 37 million people eligible now receive food stamps—administration of aid programs needs to be improved and greater efforts made to reach those eligible but unaware of the help available.

RECENT DISCLOSURES AND LEAKS OF COMMITTEE MATERIAL

(Mr. FISH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FISH. Mr. Speaker, I deplore recent leaks to the press of classified documents and advocacy, and hence, prejudicial briefs that are in the possession of committee members. To be sure, most classified documents we have are also in the files of the FBI, the CIA, the White House, and other congressional committees.

The source of all leaks is not known, but what is known is that for 4 months while the inquiry staff had sole possession of the evidence it was assembling, there were no leaks. Only after the presentation of the evidence to the full committee have leaks occurred.

Classified documentary evidence which came into the committee's possession from the grand jury or the Special Prosecutor was tendered with the understanding that the committee's own rules of confidentiality would apply. Publication of this material could jeopardize fair trials for indicted Watergate defendants, prejudicing their rights as well as those of the prosecutors.

Mr. Speaker, release of a classified document bearing on Dr. Kissinger's role in wiretapping was improper. One of the reasons the Judiciary Committee is conducting closed sessions is because the rules of the House of Representatives mandate closed hearings when the information sought "might tend to defame, degrade, or incriminate any person * * *." Clearly, this publicly tends to defame Dr. Kissinger and violates the purpose of having closed hearings.

Leaks, Mr. Speaker, demean the stature and dignity of the Judiciary Committee's inquiry. Our staff is, in my view, presenting evidence in an honorable, fair, and professional manner. The committee has showed restraint in the face of criticism, diligence in carrying out its responsibilities which are of a high constitutional order, and on the whole, a commendable objectivity which was earning favorable public reaction.

All committee members realize we are involved in historic and unprecedented inquiry involving the most radical surgery of our constitutional system. I have often said that the way we conduct ourselves, the manner and thoroughness in which the inquiry is carried out, and the quality of our legal and moral analysis is more important than the ultimate vote. In the final analysis, the House of Representatives will be judged by the American people and by history on how we have responded as an institution to a constitutional process.

Mr. Speaker, we are presented with an opportunity, by our example, to help restore a degree of public confidence in governmental institutions. It must be obvious to those responsible that leaks are having the effect of undermining the credibility of the committee. I pray that leaks will stop and prove to be a temporary aberration that will not further scar our proceedings.

AFRICAN POLICY AND BLACK AMERICANS

(Mr. YOUNG of Georgia asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. YOUNG of Georgia. Mr. Speaker, certain American ethnic groups have had a decisive voice in shaping U.S. foreign policy toward their homelands. Yet the largest "minority" in the United States—black America—has had little to say about American policy on Africa.

A recent issue of Foreign Policy published an important article on this subject by Martin Weil, a lecturer in political science at UCLA.

As the article suggests, black Americans have an opportunity to organize an effort to make United States-African policy consistent with the rights and aspirations of the peoples of Africa.

I submit Mr. Weil's article for inclusion at this point in the RECORD:

CAN THE BLACKS DO FOR AFRICA WHAT THE JEWS DID FOR ISRAEL?

(By Martin Weil)

"Our actions in the field of foreign affairs," George Kennan has written, "are the convulsive reactions of politicians to an internal political life dominated by vocal minorities." The activities of the Polish Catholics and the Jews since World War II amply confirm Kennan's statement. The Poles strengthened cold war fever; the Jews, the passion for Israel. American blacks, however, the largest minority of all, constitute an exception. They have had no visible impact on American policy toward Africa. The Poles and the Jews have been active and successful; the blacks, quiescent and ineffective. The reasons for this disparity and the likelihood of change are the subject of this article. This is not a fanciful exercise. Sooner or later, the United States will have to confront the emergence of powerful political pressure hostile to American policy in Africa. Whether the response is even handed or antagonistic (it is unlikely to be sympathetic) will depend greatly on whether or not an effective black lobby for Africa exists.

Ethnic influence over American foreign policy requires (1) an electoral threat, (2) a lobbying apparatus, and (3) a successful appeal to the symbols of American nationhood. An examination of the sources of Polish Catholic and Jewish leverage over postwar American foreign policy will describe the conditions necessary for a comparable African lobby.

ELECTORAL THREAT

The most potent electoral threat is to shift loyalties from one party to the other; the lesser threat is to shift loyalties from one candidate to another within the same party. The Poles used the first, the Jews used the second.

Polish Catholics were first perceived as a potential swing group on foreign policy issues during the 1944 Presidential election campaign. Uneasiness over possible acquiescence by Roosevelt to Russian designs on Polish territory threatened to loosen traditional Polish moorings to the Democratic party. Republican attempts to capitalize on this situation and Democratic efforts to escape responsibility helped to foster an anti-Communist consensus that endured for a generation. The winter-take-all electoral college system made Democratic politicans acutely sensitive to the home country loyalties of urban ethnic groups.

Although Roosevelt won 55 percent of the popular vote to defeat Wilkie in 1940, and had an electoral college margin of 499 to 82, his majorities were deceptive. The President won 191 electoral votes in the hotly contested industrialized states of the Northeast and the Midwest. If these states had all swung to Dewey in 1944, the Republicans would have won the White House. They all had been squeakers. Roosevelt lost Michigan by 6,926 votes (out of a total of 2.1 million) and Indiana by 25,403 votes (out of a total of 1.8 million). His winning margins in Wisconsin, New York, Ohio, and Illinois were slim. In fact, if the Republicans could have picked up a million votes in these key states—only a 2 percent gain in the nationwide popular vote—Roosevelt would have lost in 1944, even though he still would have had 53 percent of the popular vote. By inducing disruptions in the Roosevelt coalition, Democratic power could have been undermined.

The key pressure point in this jujitsu theory of electoral politics was the Catholic vote. Nine million Catholics had cast ballots in the 1940 contest; 7 million of them for Roosevelt. If Dewey could have held Wilkie's vote and gained 20 percent more of the Catholic vote, he could have won in 1944. The Polish Catholics were the main focus of Dewey's Catholic strategy. The Jews and Negroes, after all, were indissolubly bound to Roosevelt; the WASP's were largely Republican already. The Poles, however, were 90 percent for Roosevelt in 1940, longing for the liberation of Poland. If the Grand Alliance could have been made to appear as a conspiracy to subject Poland to Russian tyranny, the Polish vote (about 2 million) might have been open to the Republicans.

The Republican strategy, although centered on the Poles, was aimed at Catholics in general. Wartime polls showed Catholics persistently more pessimistic about the chances for cooperation with Russia after the war than Protestants. A private poll, conducted for Roosevelt in September 1944, projected a 10 percent drop in his Catholic support from 1940 and estimated that fears of Russian intentions accounted for much of the shift. This could be expected to continue if

Italy and Poland became Communist after the war. The Catholic vote was the pivot upon which the Democratic party and Roosevelt's foreign policy turned.

The most influential Republican senator in foreign affairs was Arthur Vandenberg of Michigan, a ranking member of the Senate Foreign Relations Committee. Vandenberg was extremely sensitive to the nationalistic feelings of his many Polish constituents. He was also well aware of the desire of his Republican colleagues to exploit an issue which might break up the Roosevelt coalition by changing the salient issue from labor rights to the fate of the homeland and of Catholic brethren everywhere. Vandenberg urged Dewey to include a veiled promise to restore the prewar status of Poland and the Baltic States in the 1944 Republican platform. "I think," he wrote, "that we are entitled to take advantage of this tremendous political potential." Raymond L. Buell put the matter bluntly in a letter to John Foster Dulles, Dewey's foreign policy adviser: "There are about 5 million Polish-American voters, hitherto for Roosevelt, who will shift if the Republicans view on this question is clarified in the right way. . . ."

Dewey could not resist. He launched an all-out attack, during the 1944 Presidential campaign, on so-called Communist influence in the Democratic party. A Roosevelt re-election, he implied, would mean abandoning the Eastern European homelands to Stalinist tyranny. Warren Moscow of the *New York Times* reported: "That the Dewey camp is interested in the Polish vote and the Italian vote, and is counting on dissatisfaction with what is going on in their homelands among these racial groups is too open to be called even an open secret." Dewey concluded his campaign with a thundering speech against Communism, which he delivered in Boston (the heartland of Catholic orthodoxy). "Dewey," noted Marquis Childs, the day before the election, "has gone a long way in his effort to set bloc against bloc, to frighten the Catholics and alarm the Poles. . . ."

MARGIN OF VICTORY

The margin of Roosevelt's victory upset the Republicans. Particularly disturbing was the wholesale defeat of Republican congressmen in the large industrial centers they had tried so hard to crack. The "sellout" issue was so impotent that the Republicans actually lost seats in the areas in which it was employed—areas that had few remaining Republican congressmen anyway. Vandenberg was dismayed. "I can . . . fully understand," he wrote to one of the few Republicans in our own Michigan area are also in the CIO and that these labor considerations were much too strong to be offset by any doubtful considerations in behalf of the old fatherland." He then asked "in connection with my own decision in respect to 1946 whether it is inevitable that this vote in Michigan will continue to be almost completely Democratic." Fearful that the answer would be yes, Vandenberg considered retiring gracefully from the Senate in 1945 rather than facing the CIO headquarters in 1946. "Vandenberg's majority in 1940 was 85,000," noted one reporter. "The prospect for 1946 discourages him." And he quoted Vandenberg: "I have to remember that there are 700,000 members of the CIO in Michigan and they are out to get me."

The first post-Yalta election in Michigan revived the hope that anti-Communism might still be the Republican's best hope. In the spring of 1945, Wayne County, regularly two-to-one Democratic and overwhelmingly pro-Roosevelt the previous November, went Republican for the first time in 15 years by a 5,000 majority. Other Polish districts registered a similar shift. Some congressmen of Polish descent even considered switching parties to escape the Yalta backlash. In these circumstances, Vandenberg and other leading Republicans could see no alternative but to continue pressing the Communist issue. Only by luring the Catholics away from the solid Democratic-labor coalition could they avoid annihilation. This strategy, as the 1944 election indicated, might not work, but it was better to go down fighting than meekly to await the CIO executioners. The dazzling success of the CIO Political Action Committee in eliminating anti-labor congressmen in the 1944 election convinced the desperate Republicans that unless they could change the terms of interparty debate, a resurgent New Deal allied with a growing labor movement and mushrooming working-class birthrates would relegate the GOP to permanent minority status. Vandenberg continued to care about Communist advances in Eastern Europe because he could no longer ignore the CIO advances in Wayne County.

Fearful that a Vandenberg denunciation of American "appeasement" toward Russia might split the Democratic party and presage a re-enactment of Woodrow Wilson's post-World War I impotence, President Truman and Secretary of State James F. Byrnes protected their flank by a suitably intransigent negotiating position. Byrnes' last genuine effort at playing "peacemaker"—at the Moscow Conference in December 1945—drew such heavy fire from Republicans (and Truman) that he quickly retreated. Electoral impetus for a hard line complemented similar Pentagon and State Department urgings. This conformity of bureaucratic and electoral pressures helps to account for the universal acceptance of cold war thinking by American politicians. White House counsel Clark Clifford's blueprint for the 1948 campaign acknowledged the electoral advantages of an anti-Communist foreign policy. "The Catholic vote," he wrote, "is traditionally Democratic. The controlling element in this group today from a political standpoint is the distrust and fear of Communism. . . . The attitude of the President and the Administration toward Communism should exert a definite appeal to this group. . . . There is considerable political advantage to the Administration in its battle with the Kremlin." Clifford was right. The Poles and other Catholics flooded back to the Democratic standard in 1948, putting Truman in the White House despite the Thurmond and Wallace revolts.

The Republicans, needless to say, were stunned. Dewey's strategy of minimizing Red-baiting in the campaign, so as not to complicate his dealings with foreign governments after his expected victory, clearly proved too optimistic. Truman, by his thunder against Wallace, had stolen the best issue of the campaign away from its original inventors. Oh, but for the Dewey of 1944! The rising crescendo of wails about Communism in the government was a calculated move to rectify Dewey's mistake. Joe McCarthy was the agent, the "liberation" of Eastern Europe was the slogan, in this latest and most desperate effort to win a Republican victory. Ironically enough, had Dewey won in 1948, the United States might well have been spared the worst excesses of the McCarthy period.

The Jews And Israel. The scramble for the Catholic vote rested on the peculiar political complexion of the Catholic electorate—liberal on economic issues, conservative on social issues, anti-Communist in foreign policy. Depending on how these various issues were intertwined in a campaign. Catholics might swing right or left at the polls. Or so it was felt. The Jews, solidly wedded to the Democratic party in all circumstances, did not pose such a threat. No Republican has expected substantial Jewish support since Truman's dramatic recognition of Israel in 1948. The unremitting liberalism of Jews on social and economic issues—at least until the 1972 election—has reinforced Republican inclinations to write off the Jewish vote. Jewish leverage, therefore, has been confined largely to Democratic primaries.

Prior to 1948, however, Democratic politicians feared that the Jews, over 90 percent Democratic, might swing Republican if Truman did not support Zionism, a course that brought him into conflict with his own diplomatic and military advisers as well as with the British. For example, Secretary of State James F. Byrnes, in a tortured conversation with British Ambassador Halifax in October 1945, urged the British to take a more pro-Jewish stand. He admitted that he "had not followed" the problem but added: "Quite frankly, I am thinking about the New York City election . . . the President, . . . has to think about that." And this was only a municipal election! Truman himself was stimulated by his close friend and former haberdashery partner, Eddie Jacobson, a devout Zionist, as well as by a lively sense of his own political welfare. Exasperated at the relentless Jewish pressure, he could exclaim, "Jesus Christ couldn't please them when he was here on earth, so how can anyone expect that I would have any luck?" But is bowed to the pressures. Receiving word a month before the 1946 congressional elections that Dewey planned a full-scale attack on his Palestine policy. Truman demanded, in a Yom Kippur eve statement, that the British throw Palestine open for immediate immigration of 100,000 Jews. Ethnic adviser Dave Niles drafted the release. Democratic National Committee executives, fearful that the Democrats could not beat Dewey without the New York Jewish vote, breathed a sigh of relief. The political angle, noted Henry Wallace, "is the one angle of Palestine which has a really deep interest for Truman."

By identifying so completely with the Democratic party after 1948, however, the Jews reduced their electoral leverage over a Republican President almost to zero. Anthony Eden learned this, to his chagrin, in 1956. Confident that Eisenhower would not risk losing the Jewish vote in New York on the eve of the 1956 election, he assumed that Israeli participation in the attack on Suez would guarantee American silence. But Eisenhower did not have to worry about losing the Jewish vote. He never had it. The Jews, at every income level, voted 75–80 percent Democratic. He could hardly outbid the Democrats in his support of Israel. And, short of that, the Jews had no reason to alter their traditional voting habits. Even if he were eager to garner every loose vote in sight, there were better ways than tacitly supporting British imperialism, hardly a popular motif in American politics. "Eisenhower evidently wanted to win big," writes Richard Neustadt, chronicler of this episode. "By this reckoning, a Jewish vote might serve as well as anybody else's, but no better, and a stance for 'peace' pleased all." Anti-British sentiment proved a more effective vote-catcher than pro-Jewish feeling.

A weakening of electoral sanctions, however, does not necessarily mean a decline in political impact. Jewish leverage is not confined solely to ballot pressure, nor was the Polish leverage. In the diffuse system of American politics, an effective lobbying apparatus acts as a magnifying glass. A narrow electoral beam, properly focused, can ignite a blaze of influence. The Poles and the Jews were both expert political arsonists.

LOBBYING APPARATUS

The Rozmarek Machine. The anti-Communist militancy of many politicians reflected the desire for revenue fostered by Polish-American leaders. Charles Rozmarek, political boss of Chicago Polonia, began the campaign by organizing the Polish-American Congress in 1944 to pressure Roosevelt into reconstituting Poland after the war. Inspired by Paderewski's success with Woodrow Wilson during World War I, he brought together representatives from all Polish religious, fraternal, and welfare organizations for a giant conclave in Buffalo. David Niles predicted that it would "go down in history as

the most colossal piece of organizational work" and painted a grim picture of Polish voters, led by a clerical vanguard, marching in ranks to the Republicans. At the urging of Niles, Harry Hopkins, and Chicago Mayor Edward J. Kelley, Roosevelt held a private meeting with Rozmarek in Chicago a few days before the election, to forestall a Dewey endorsement. Rozmarek held his fire, but after Yalta, he recalled, "we went after him hammer and tongs." As a young man, Rozmarek had paid nearly a week's salary to hear Paderewski speak to a Polish group in Scranton, Pennsylvania. He never forgave Roosevelt for thwarting his ambition to be the Paderewski of World War II.

Much of Rozmarek's ideological fervor came from the intelligentsia of the prewar Pilsudski dictatorship; the "motorized emigrés" who had fled Poland in automobiles as Nazi armies closed in on Warsaw. Indeed, the exile campaign to mobilize American Polonia became so pronounced that the Justice Department forced ideologue-in-chief Ignacy Matuszewski to register as a foreign agent. Roosevelt, irate at the government-in-exile's agitation against his policies, nearly expelled Polish Ambassador Ciechanowski for "violation of diplomatic proprieties." Rozmarek worked closely with the Polish Embassy in Washington and, in fact, was chatting with Ciechanowski when word came that allied recognition of his government had been terminated. "He was depressed," Rozmarek recalled. It was hard for us to understand that . . . recognizing an illegal government in place of one that had fought side by side with the Americans at Monte Cassino . . ." The emigrés continued to provide intellectual leadership to the Polish-American community after this July 1945 disaster. Vandenberg himself used them as brokers. In December 1945, he met with two former Polish diplomats to urge them to deliver Polish votes to the Republicans if they desired his continuing support.

While the emigrés wooed the Right, Rozmarek was actively at work on the Democrats. "We had officers throughout the country," he recalled. "When we'd meet in Washington, we'd all drop in to see our representatives . . . keep our contacts up." With Mayor Kelly's help, he brought pressure to bear on Byrnes to grant Russian-hating exile General Bor a visa to the United States for the 1946 Polish Constitution Day celebration in Chicago. Less than enthusiastic about an anti-Russian demonstration in Chicago, Byrnes said, "Ed, I have no objection but what will the Russians say?" Kelly said, "The hell with the Russians! I haven't got any *Russians* here. I have *Poles* in Chicago!" Bor got his visa but with the stipulation that he not travel outside of Chicago. In fact, he stayed three months and toured widely. "I can't help it," Rozmarek explained, "if a committee of five comes here and kidnaps him and takes him out to Detroit." With Rozmarek's encouragement, Polish Democrats in Congress deliberately slandered the postwar regime. Representative Thomas S. Gordon, returning from a trip to Poland in October 1945, wrote an article for the Chicago Polish language newspaper depicting lawlessness, rape, violence, and sacrilege as the norm in the new Poland. He also charged that he had not been permitted to meet with Western-sympathizing Polish leaders. Even the State Department was appalled at Gordon's "misstatements." When asked for a retraction, he refused, though he promised to be more scrupulous in the future. Gordon did not want any favorable information about the new regime, however truthful, to pass through his lips. Rozmarek also had "the boys" introduce a bill in Congress for the investigation of the Katyn massacre as a way of propagating the image of Communist butchery. "They found the Soviet Union guilty," he dryly noted.

The Fight For Israel. The Jews, if anything, exceeded the Poles in their flair for lobbying, making up in organization what they lacked in strict electoral clout. They single-handedly defeated a joint Pentagon and State Department campaign to stifle the new state of Israel with an arms embargo. The breaking of this embargo—the creation of an arms-running and supply underground from the United States to Palestine—played a critical role in sustaining the new Jewish state against British-supplied Arab armies.

At the apex of this illegal organization presided a group of Jewish millionaires called together by David Ben-Gurion in the summer of 1945 to set up a military lifeline from America to Palestine. These individuals had connections in every industry in the country. They supplied money, manpower, and political protection to the young technicians and activists who set up dummy shipping firms, trucking outfits, and warehouses to move the goods east. Irish judges, sympathetic to underdogs fighting the British, looked the other way at infractions in New York City, the heart of the enterprise. When a clandestinely designed machine gun was discovered at the Canadian border, New Deal economist Robert Nathan appealed directly to J. Edgar Hoover to quash the investigation, which threatened to unravel the entire apparatus. "Would any of the weapons be used in the United States?" Hoover asked. "Would any of them be used against the United States?" "Absolutely not," Nathan replied. Hoover cooperated. Perhaps the FBI was still smarting from run-ins with British intelligence during the war, or perhaps Hoover wanted no distractions from Communist-hunting. In any case, Nathan's successful appeal was emblematic of the extent of Jewish connections in American politics. A secret air force created from surplus war planes in Burbank was flown out of the country with the aid of the cousin of the President of Panama, who arranged to set up a national airline to handle the transaction.

General Anastasia Somoza, dictator of Nicaragua, offered—for a price—similar cover for arms shipments. New York attorney Nathum Bernstein, the mastermind of the American underground, ran an espionage school for Palestinian Jews in New York, drawing on his Office of Strategic Services (OSS) experience. Without financing, nothing would have been possible. Golda Meir raised $50 million from the American Jewish community in a single whirlwind speaking tour. In every capillary of the vast American economy were sympathetic Jews willing to help. A half century of immigration, education, and upward mobility had created the potential for a Zionist organization as or more powerful in its sphere than the appointed agencies of the U.S. government. The Jewish community not only influenced American foreign policy but ran its own clandestine foreign aid program from American soil.

After partition was secured by arms, Israeli officials cultivated close ties with their counterparts in the Pentagon, CIA, and even the State Department, blunting and in some cases reversing the hostility that existed before Israel had official status. Any President who thought measured coercion of Israel was essential to a settlement in the Middle East would no longer merely have to consider the small Jewish vote. He would also have to fight powerful elements of the national security bureaucracy.

SYMBOLIC POLITICS

The skill of the Poles and the Jews in exploiting the American system of open politics guaranteed that they would get the maximum mileage out of the votes they represented. But more fundamentally, their success is attributable to an ideological harmony with the American psyche, an intense Americanism that attracted supporters from a broad spectrum of the electorate. The strength of Rozmarek's appeal was his belief in the efficacy of Ameican institutions. "I was an American as well as a Pole," he commented. "I wanted a democratic Poland." Free press, free enterprise, representative government—these were the standards by which he measured the new Poland. Whether the prewar politicians of semi-Fascist Poland with whom he was allied would have created any more of a "democratic" Poland than the Russian-supported regime is a moot point. But Rozmarek's goal of exporting American institutions to his native land won him much support in the United States. Likewise the Zionist movement, rooted in parliamentary European culture and credited with turning the Negev into a "garden spot," had great appeal to a people who had tamed a 3,000-mile wilderness. A nation based on racial exclusiveness was hardly what the Statue of Liberty represented, but the issue was not framed that way. The "democratic" aims of the two minorities were favorably contrasted with the apparent alternative—Communist autocracy in one case, British imperialism-cum-Arab feudalism in the other. What American could resist such an appeal?

Furthermore, the Poles and the Zionists were both celebrators of the American way. They sought a revivified homeland as a refuge for those of their ethnic kin who had not been so fortunate as to enjoy the blessings of life in the United States. Jews did not struggle for Israel out of a desire to leave the United States; nor did Rozmarek wish a restored Poland so that Chicago Polonia might emigrate. Jews and Poles alike loved America and praised the blessings it had provided to those fortunate enough to make their way to the New World. The new Poland and the Zionist homeland were envisioned as an extension of America, not a repudiation of it. In a real sense these ethnic leaders were *American* nationalists with an area specialization, exporters of the American tradition to a familiar overseas market. And from this derived their powerful appeal to a proud and morally supercilious citizenry glorying in the magnificence of the American way of life after a global military triumph. The Jews and the Poles channeled this chauvinistic enthusiasm into their own causes. Anti-Communism (aimed at Russia) and anti-imperialism (aimed at Britain) were two variants of the traditional American missionary zeal to transform the world in its own image. The Poles and the Jews were wise enough to flow with the current of American nationalism, not against it.

Charles Rozmarek died in 1973. Interred with him was the Polish Catholic foreign policy lobby. The old passions are fading. The Jewish lobby, of course, is still vigorous. Indeed, its greatest test is at hand. But in the eyes of politicians, ethnic politics today is pre-eminently domestic politics. Nixon's inroads in white ethnic areas in 1972 had little to do with foreign policy issues. Anxiety over threats to cherished communities united ethnic groups of all origins in a distaste for radical chic politics. Nixon's gains in decaying Jewish communities were the same as those in decaying Polish communities. His support of Israel seems to have made little difference. Ambassador Rabin's thinly disguised endorsement of Nixon may have aroused more resentment than approval.

AND WHAT ABOUT AFRICA?

Looming on the horizon, perhaps still a generation away, is a black lobby for Africa. What is required for the blacks to emulate the Poles' and the Jews' success?

First of all, the electoral threat must be made credible to politicians. This requires a sufficient level of concern with African affairs among black leadership groups, to convince politicians that a substantial number of blacks might vote according to their Afro-American loyalties on election day. The feeling of kinship with overseas forebears is undoubtedly less strong in the black com-

munity than it was in the Polish and Jewish comunities. Polish-Americans were one generation removed from Poland as were American Jews from their European brethren, Black Americans are centuries removed from their African ancestors, across a cultural and historical divide that dampens the sense of sharing a common heritage. But the romantic attachment to Africa among ethnically proud young blacks may overcome this distance. Black organizations visibly dedicated to African liberation, speaking and fund-raising tours by African leaders to ghetto communities, and a lobbying arm in Washingtin linked to local politicians can bolster the image of an "African vote." Earlier politicians had no hard evidence that the Polish or Jewish voter actually performed as a foreign policy issue machine at the polls. They simply ran scared before a well-organized leadership. Blacks can accomplish the same.

Most effective of all would be the election of a black politician to statewide office who had chastised his unsuccessful opponent for insufficient dedication to African problems. Joseph McCarthy's 1950 "defeat" of Millard Tydings in Maryland and Richard Nixon's victory over Helen Gahagan Douglas did much to convince politicians—correctly or not—that anti-Communism was decisive at the polls. A contest of this sort would rivet the attention of politicians with black constituencies on the power of the "African vote." An African side trip could become a required adjunct to the traditional "three-I's" junket—Israel, Italy, and Ireland.

Since the black community is more solidly Democratic today than the Jewish community, little electoral leverage can be exerted on the Republican party. But within the Democratic party much may be gained by a concerted campaign to dramatize black concern for Africa. White Democrats, accustomed to dealing with brokers for the black vote, will be especially susceptible to a carefully orchestrated effort. The opportunity exists for a respected black community leader to make a career for himself in the Rozmarek tradition by organizing an on-going Afro-American Congress based on black fraternal and religious organizations.

Equally important is an African interest in cultivating the American black community. The timidity of African diplomats in approaching black leaders contrasts sharply with the intimate ties between American Jews and Israeli representatives in the United States, and the former connections between American Polonia and the Polish exiles. Embassies from other parts of the world readily grant requests from their ethnic constituents to use embassy facilities for a benefit, noted one restive Ghanian diplomat, but certain African ambassadors "think that they should either clear such requests with the State Department or reject them outright. Some even refuse to take groups of blacks on a tour of their embassies. This, they fear, would mean involvement in American politics!" This fear is not wholly misplaced. African diplomats shrink from providing excuses for a renewal of the racial incidents that have plagued them since the opening of the first embassies in Washington in the 1950's. In the years ahead, as black advances in American life parallel the growth of political and economic strength in black Africa, these inhibitions will decline. The bonds between black Africa and black America will tighten. When the African nations decide to make a serious issue of American commitments to white minority regimes, an Afro-American apparatus may be at hand to reinforce their efforts. King Faisal is teaching a lesson to African nationalists which may hasten that day.

Currently, the black lobbying apparatus is minimal. Nowhere does it combine electoral threats with skillful organization. Representative Charles Diggs (D.-Michigan), chairman of the House Foreign Affairs Subcommittee on Africa, has the potential of becoming a shadow Assistant Secretary of State for African Affairs if he develops the ability to play the legislative game with the same skill as some of his more experienced colleagues. Indeed, the Afrophile African Bureau of the State Department would welcome a more effective African lobby among black Americans. An astute black lobby would force greater attention to African affairs, a situation greatly desired by State's own Africanists, and provide them with a political counterweight to the skillful lobbying of military and industrial interests working through powerful southern congressmen. (The racially stratified American military establishment would look on racial upheaval in white-ruled Africa with no less distaste than the southern establishment. On the other hand, blacks acount for 18.6 percent of enlisted men, and a third of new recruits.)

Diggs' efforts so far have been isolated and largely rhetorical. His current bill which, in effect, cuts off *all* government contracts to firms which conduct operations in South Africa, is utterly fanciful. It may win the acclaim of exile groups and black militants, but it is a far cry from the political finesse of the southerners as demonstrated by the 1971 passage of the Byrd Amendment, permitting American import of Rhodesian chrome in violation of U.N. sanctions. Spurred on by the Rhodesian Information Office and two American firms with Rhodesian subsidiaries—Union Carbide and Foote Mineral—Byrd introduced a bill prohibiting the United States government from barring the import of any strategic material from a free world country as long as the same item was being imported from a Communist country. Since much high-grade chromium comes from the Soviet Union, the intent was clear. By this wily stratagem, Byrd converted the issue from support of racism to opposition to Communism. After the bill failed in the liberal Senate Foreign Relations Committee, John Stennis of Mississippi attached it to the Military Procurement Bill in the more conservative Armed Forces Committee. A last-minute bit of parliamentary legerdemain garnered the few votes needed to block a striking motion and the amendment passed. The parliamentary skill of the southerners contrasted sharply with the absence of any comparable tactics by the black caucus. Once again ethnic politics triumphed, but this time it was the sympathy of American white supremacists for their African counterparts.

KEEPING THE FAITH

In the area of symbolic politics, black efforts are, if anything, counterproductive. The supporters of white minority rule have attached their cause to the symbols of American nationhood. Rhodesia's Unilateral Declaration of Independence in 1965 has been portrayed as a parallel to the Declaration of Independence (Elizabeth II being the latter-day George III, and Ian Smith being the Rhodesian George Washington). By contrast, arguments for African nationalism have come most vocally from black radicals bent on world revolution. These media wizards have no enduring roots in the black community and judge even black-ruled regimes by ideological dogmas that alienate many African officials. Furthermore, the black African exiles headquartered in London and New York practice the same apocalyptic politics. Some are in the pay of the Soviet Union; most espouse Communist doctrines that guarantee them impotence in the American political arena. Marxist rhetoric, however titillating to the media and hothouse student audiences, is totally counterproductive and ultimately futile in creating public support for African nationalism. To be successful, a black movement for reform of American policy toward Africa must be perceived as a vehicle for exporting American ideals. It must be an affirmation of black faith in the United States and a demonstration of black ability to manipulate the fine structure of American politics with the astuteness and finesse of previous practitioners. Blacks as blacks may identify with Africa, but it is only as Americans that they can change United States policy in Africa. If Afro-Americans ever gain leverage in foreign policy, it will be those black politicians who are most successful *within* the system who will do so—those who can command the respect of their black constituents and reassure white America at the same time. To aid the revolution abroad, blacks must first join the establishment at home.

Until the Africanists learn to play the legislative and publicity games as well as their enemies, they will suffer an unnecessary handicap in moving American policy toward a more liberal position. To some, liberalism may seem a pitifully inadequate answer to the situation in Africa, but it is all that the American political system will allow, and it is certainly an improvement over abandoning the field to racists. More important, a progressive American policy will prepare the public for a passive role should a race war erupt on the African continent. So far the situation has received little attention. The Nigerian civil war and fratricidal tribal bloodbaths in Rwanda and Burundi scarcely created a ripple in American politics. As long as blacks slaughter blacks, the American public yawns. But if blacks start killing whites, attention will pick up. When whites were threatened in the Congo, Lyndon Johnson had the air transports flying within hours and the story was front-page news. The domestic reverberations in the United States of a war aimed at overthrowing the ruling white minorities in Rhodesia and South Africa could have terrifying consequences.

The presence of a respected cadre of black political leaders to guide American opinion in such a crisis and calm the more hysterical elements would have important consequences. If black leaders had not become accepted participants in the executive as well as the legislative politics of African policy, one could expect a less measured response. Unlike the Israeli case, American blacks cannot seek actively to aid revolutionary movements in Africa. The ideology of these movements will be alien to most Americans and the prospect of a black underground shipping arms to Africa will hardly meet with the friendly indifference that shielded Jewish efforts to supply the Haganah. The best that can be hoped for is the gradual withdrawal of American military and business interests from white Africa in the years ahead, and a scrupulous neutrality if war does break out. Such a policy is inadequate to some liberationists, but it is the only one that ultimately can help them. The active sympathy of white America for the plight of black Africa can only be won by a nonintimidating strategy. White America will judge Africa by the American representatives who speak for her. As in other areas of American life, blacks must be twice as careful to achieve half as much.

And this is particularly true of the most liberal of American minorities—the Jews. Militant American blacks and some African leaders, espousing the cause of Arab nationalism and black liberation in Africa, see the Jews as the oppressors in the Middle East and in American cities. The Israelis may come to see themselves as a besiged white community on the rim of Africa facing a new threat of extermination based on color rather than religion. They may have very mixed feelings about the outcome of a war in South Africa or even in the Portuguese colonies. And their brethren in the United States could scarcely feel differently. Liberal Jews—the traditional political allies of ghetto-bound blacks—would quickly unite with other whites in fear of the black com-

munity. The liberal buffer between black resentment and white racism would dissolve, exposing the raw edges of race conflict. The fist fights that erupted in Harlem during Mussolini's invasion of Ethiopia in 1935 would be but a faint foretaste of domestic tension that might attend a bloody race war in Africa. Black indulgence of anti-Jewish feeling would only harden American opinion against African liberation.

Since the Jews and the blacks are both in the Democratic party, it will be in the interest of blacks running for office above the local level to reconcile this conflict. State Senator Mervin Dymally of Los Angeles is a harbinger of this theory. He needs the support of both Beverly Hills and Watts in his bid to win the Democratic nomination for Lieutenant Governor in 1974. He is carefully straddling the issue, planning the ritual trip to Israel but also promising to report on Israeli treatment of Arab refugees. On the one hand, he argues to blacks that they should actively back Israel. "The Jewish people were very active in many of our causes, like civil rights, labor, and the farm-workers' cause, and it will be a great mistake to allow Israel to have their independence jeopardized." On the other hand, he acknowledges: "I would like to see better communication between Jews and blacks. The Arab-Israeli situation has definite domestic implications directly related to my constituents." As other black politicians seek state office, similar efforts at reconciliation are liable to occur. And this can only help reassure white America that a black revolution in Africa need not threaten riots in American cities nor support an assault on the state of Israel.

A successful black lobby for Africa must maintain a certain distance from the African liberation movements in order to maintain its own credibility with the American public, demonstrating by its own actions the hands-off posture that is the most forward policy America can support. Certainly, there is vast room for progress when the United States joins Greece, Portugal, South Africa, and Spain on the negative end of an 88 to 7 General Assembly vote on recognition of the black-controlled Republic of Guinea Bissau in Portuguese Guinea. A quarter century after the smaller Jewish community enjoyed instantaneous recognition of Israel, the black community has not even made an issue of Guinea Bissau, let alone mustered public support for defiance of Portuguese colonialism. The British were not so fortunate, nor was the Russian-sponsored government in Warsaw.

LEAVE OF ABSENCE

Leave of absence was granted to the following Member:

Mr. RANDALL, for Friday June 21, 1974, on account of keynote speaker at State Encampment Veterans of Foreign Wars, St. Louis, Mo., official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. RONCALIO of Wyoming to address the House today, for 15 minutes.

(The following Members (at the request of Mr. JOHNSON of Colorado) to revise and extend their remarks and include extraneous material:)

Mr. HANSEN of Idaho, for 5 minutes, today.

Mr. YOUNG of Alaska, for 5 minutes, today.

Mr. EDWARDS of Alabama, for 5 minutes, today.

Mr. ERLENBORN, for 30 minutes, Friday, June 21.

Mr. ROBERT W. DANIEL, JR., for 5 minutes, today.

Mr. YOUNG of Florida, for 10 minutes, today.

(The following Members (at the request of Mr. MOAKLEY) to revise and extend their remarks and include extraneous material:)

Mr. BINGHAM, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. VANIK, for 10 minutes, today.
Mr. ADAMS, for 5 minutes, today.
Mr. KOCH, for 5 minutes, today.
Mr. STUCKEY, for 5 minutes, today.
Mr. OWENS, for 5 minutes, today.
Mr. PODELL, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks was granted to:

Mr. PODELL and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $783.75.

Mr. BLACKBURN and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $574.

Mr. YOUNG of Georgia and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $836.

Mr. MAHON to extend his remarks on House Joint Resolution 1062, and to include extraneous matter, tables, and charts.

Mr. MADDEN to revise and extend his remarks, and include extraneous matter, in the Extensions of Remarks of the RECORD.

Mr. MINISH, to follow the remarks of Mr. ASHLEY in the Committee of the Whole today on consideration of H.R. 15361.

Mr. THOMSON of Wisconsin, immediately after remarks of Mr. BARRETT of Pennsylvania.

(The following Members (at the request of Mr. JOHNSON of Colorado) and to include extraneous matter:)

Mr. HANRAHAN in three instances.
Mr. HEINZ.
Mr. BELL.
Mr. MCCLOSKEY.
Mr. SARASIN.
Mr. MARTIN of Nebraska in two instances.
Mr. MAYNE.
Mr. WYMAN in two instances.
Mr. TAYLOR of Missouri in two instances.
Mr. RHODES.
Mr. STEIGER of Wisconsin.
Mr. MITCHELL of New York.
Mr. FRENZEL in two instances.
Mr. KUYKENDALL.
Mr. ARCHER in two instances.
Mr. WYDLER.
Mr. YOUNG of Alaska.
Mr. BOB WILSON.
Mr. PETTIS.
Mr. HUNT.
Mr. SHUSTER.
Mr. HUBER in two instances.
Mr. STEIGER of Arizona.

(The following Members (at the request of Mr. MOAKLEY) and to include extraneous material:)

Mr. WOLFF in five instances.
Mr. RARICK in three instances.
Mr. GONZALEZ in three instances.
Mr. WALDIE in three instances.
Mr. ANDERSON of California in three instances.
Mr. LUKEN.
Mr. GUNTER in three instances.
Mr. WRIGHT in two instances.
Mr. BADILLO in three instances.
Mr. MURTHA in three instances.
Mr. LEHMAN in 10 instances.
Mr. HAWKINS.
Mr. TIERNAN.
Mr. DINGELL in two instances.
Mr. STOKES in two instances.
Mr. FORD in three instances.
Mr. DULSKI in five instances.
Mr. OWENS.
Mr. VAN DEERLIN.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3188. An act to establish the Sewall-Belmont House National Historic Site, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 3474. An act to amend the District of Columbia Unemployment Compensation Act; to the Committee on the District of Columbia.

S. 3476. An act to amend section 1291 of the act of March 3, 1901, relating to marriage licenses in the District of Columbia; to the Committee on the District of Columbia.

ENROLLED BILL SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 13839. An act to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 411. An act to amend title 39, United States Code, with respect to certain rates of postage, and for other purposes.

ADJOURNMENT

Mr. MELCHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 56 minutes p.m.), under its previous order, the House adjourned until tomorrow, Friday, June 21, 1974, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2472. A letter from the Assistant Secretary

of the Interior and the Deputy Assistant Secretary of Agriculture, transmitting the initial report on the administration of the Wild Free-Roaming Horse and Burro Act, pursuant to section 10 of the act (Public Law 92–195); to the Committee on Interior and Insular Affairs.

2473. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended [8 U.S.C. 1154(d)]; to the Committee on the Judiciary.

2474. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 7, 1974, submitting a report on Pottstown and vicinity, Schuylkill River Basin, Pa. (H. Doc. No. 93–321); to the Committee on Public Works and ordered to be printed with illustrations.

2475. A letter from the Administrator of Veterans' Affairs, transmitting a report covering calendar year 1973 on cases in which equitable relief was granted, pursuant to 38 United States Code 210(c)(3)(B); to the Committee on Veterans' Affairs.

RECEIVED FROM THE COMPTROLLER GENERAL

2476. A letter from the Comptroller General of the United States, transmitting a report that better planning and management are needed by the Veterans' Administration to improve the use of specialized medical services; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DULSKI: Committee on Post Office and Civil Service. Report on Improved Manpower Management in the Federal Government (Rept. No. 93–1124). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORGAN: Committee of conference. Conference report on H.R. 12799. (Rept. No. 93–11225). Ordered to be printed.

Mr. MORGAN: Committee of conference. Conference report on H.R. 12412 (Rept. No. 93–1126). Ordered to be printed.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 14215. A bill to amend the Development Disabilities Services and Facilities Construction Act to revise and extend the programs authorized by that act; with amendment (Rept. No. 93–1127). Referred to the Committee of the Whole House on the State of the Union.

Mr. CHARLES H. WILSON of California: Committee on Post Office and Civil Service. H.R. 7202. A bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service; with amendment (Rept. No. 93–1128). Referred to the Committee of the Whole House on the State of the Union.

Mr. LANDRUM: Committee on Ways and Means. H.R. 13370. A bill to suspend until June 30, 1976, the duty on catalysts of platinum and carbon used in producing caprocLactam. (Rept. No. 93–1129). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. H.R. 13264. A bill to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities. (Rept. No. 93–1130). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. H.R. 6485. A bill to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938; with amendment (Rept. No. 93–1131). Referred to the Committee of the Whole House on the State of the Union.

Mr. STEED: Committee on Appropriations. H.R. 15544. A bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President and certain independent agencies, for the fiscal year ending June 30, 1975, and for other purposes. (Rept. No. 93–1132). Referred to the Committee of the Whole House on the State of the Union.

Mr. MADDEN: Committee on Rules. House Resolution 1187. Resolution providing for the consideration of H.R. 15223. A bill to amend the Federal Railroad Safety Act of 1970 and the Hazardous Materials Transportation Control Act of 1970 to authorize additional appropriations, and for other purposes. (Rept. No. 93–1133). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

Mr. Mr. ASPIN:

H.R. 15503. A bill to designate a national network of essential rail lines; to create a nonprofit corporation to acquire and maintain rail lines; to require minimum standards of maintenance for rail lines; to provide financial assistance to such corporation and to the States for rehabilitation of rail lines; and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 15504. A bill to amend the Internal Revenue Code of 1954 to provide for a tax on the transportation of property by rail, motor vehicle, or water; to the Committee on Ways and Means.

By Mr. BELL:

H.R. 15505. A bill to authorize the Secretary of the Treasury to reimburse State and local law enforcement agencies for assistance provided at the request of the United States Secret Service; to the Committee on the Judiciary.

By Mr. BROOMFIELD:

H.R. 15506. A bill to amend the Land and Water Conservation Fund Act of 1965 so as to authorize the development of indoor recreation facilities in certain areas; to the Committee on Interior and Insular Affairs.

H.R. 15507. A bill to provide for protection of franchised dealers in petroleum products; to the Committee on Interstate and Foreign Commerce.

H.R. 15508. A bill to amend the Fishermen's Protective Act of 1967 in order to strengthen the import restrictions which may be imposed to deter foreign countries from conducting fishing operations which adversely affect international fishery conservation programs; to the Committee on Merchant Marine and Fisheries.

By Mr. BURKE of Florida:

H.R. 15509. A bill to prohibit the military departments from using dogs in connection with any research or other activities relating to biological or chemical warfare agents; to the Committee on Armed Services.

By Mrs. GRASSO (for herself, Mr. COTTER, and Mr. SARASIN):

H.R. 15510. A bill, Shepaug River Act; to the Committee on Interior and Insular Affairs.

By Mr. HANLEY:

H.R. 15511. A bill to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and Postal Rate Commission, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HANSEN of Idaho:

H.R. 15512. A bill to provide for protection of franchised dealers in petroleum products; to the Committee on Interstate and Foreign Commerce.

By Mr. LEHMAN:

H.R. 15513. A bill to provide for a national cemetery in the area of Broward County or Dade County, Fla.; to the Committee on Veterans Affairs.

By Mr. MITCHELL of New York (for himself, Mr. EILBERG, Mrs. HOLT, Mr. HUNT, Mr. LEGGETT, Mr. MELCHER, Mr. MONTGOMERY, Mr. WALSH, Mr. WILLIAMS, Mr. BOB WILSON, and Mr. YATRON):

H.R. 15514. A bill to amend chapter 5 of title 37, United States Code, to revise the special pay structure relating to health professionals of the uniformed services; to the Committee on Armed Services.

By Mr. PICKLE:

H.R. 15515. A bill to provide a comprehensive program to improve cargo security in commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. ROUSH:

H.R. 15516. A bill to provide for the appointment of two additional district judges in Indiana; to the Committee on the Judiciary.

By Mr. SCHNEEBELI:

H.R. 15517. A bill to extend for 3 years the requirement of increased payments to States under medicaid plans for compensation or training of inspectors of long-term care institutions; to the Committee on Ways and Means.

By Mr. STEIGER of Wisconsin:

H.R. 15518. A bill to amend the Consolidated Farm and Rural Development Act; to the Committee on Agriculture.

By Mr. SYMINGTON (for himself, Mr. ADAMS, Mrs. BOGGS, Mrs. BURKE of California, Mr. CONYERS, Mr. DAVIS of Georgia, Mr. EILBERG, Mr. FRASER, Mr. FRENZEL, Mr. GILMAN, Mr. HAWKINS, Mr. HECHLER of West Virginia, Mr. LUKEN, Mr. MCCORMACK, Mr. MAZZOLI, Mr. MITCHELL of New York, Mr. MURPHY of New York, Mr. PODELL, Mr. PREYER, Mr. ROYBAL, Mr. SARBANES, Mr. THONE, and Mr. VANDER VEEN):

H.R. 15519. A bill to establish a Health Action Corps; to the Committee on Interstate and Foreign Commerce.

By Mr. THOMSON of Wisconsin:

H.R. 15520. A bill to amend title 38 of the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans; to the Committee on Veterans' Affairs.

By Mr. WAGGONNER:

H.R. 15521. A bill to amend chapter 10 of title 37, United States Code, to authorize certain travel and transportation allowances to members of the uniformed services incapacitated by illness; to the Committee on Armed Services.

By Mr. WALDIE:

H.R. 15522. A bill for the general revision of the Copyright Law, title 17 of the United States Code, and for other purposes; to the Committee on the Judiciary.

By Mr. WHITE (for himself and Mr. MCKAY):

H.R. 15523. A bill to amend title 44, United States Code, to strengthen the authority of the Administrator of General Services with respect to records management by Federal agencies, and for other purposes; to the Committee on Government Operations.

By Mr. GOLDWATER (for himself, Mr. KOCH, Ms. ABZUG, Mr. ADDABBO, Mr. ALEXANDER, Mr. ANDERSON of Illinois, Mr. ASHLEY, Mr. BADILLO, Mr. BAFALIS, Mr. BELL, Mr. BIESTER, Mrs. BOGGS, Mr. BRASCO, Mr. BROOMFIELD, Mr. BROWN of California, Mr. BROYHILL of North Carolina, Mrs. BURKE of California, Mr. CARNEY of Ohio, Mrs. CHISHOLM, Mr. CLARK, Mr. COLLINS of Texas, Mr. CONLAN, Mr.

CONTE, Mr. CONYERS, and Mr. COUGHLIN):

H.R. 15524. A bill to protect the constitutional right of privacy of individuals concerning whom identifiable information is recorded by enacting principles of information practices in furtherance of articles I, III, IV, V, IX, X, and XIV of amendments to the U.S. Constitution, to the Committee on the Judiciary.

By Mr. GOLDWATER (for himself, Mr. KOCH, Mr. CRANE, Mr. CULVER, Mr. DELLUMS, Mr. DRINAN, Mr. DUNCAN, Mr. EILBERG, Mr. ESCH, Mr. ESHLEMAN, Mr. FAUNTROY, Mr. FISH, Mr. FORSYTHE, Mr. FRASER, Mr. FRENZEL, Mr. GIAIMO, Mrs. GRASSO, Mr. HANRAHAN, Mrs. HANSEN of Washington, Mr. HARRINGTON, Mr. HECHLER of West Virginia, Mr. HINSHAW, Mrs. HOLT, Mr. HORTON, and Mr. HUBER):

H.R. 15525. A bill to protect the constitutional right of privacy of individuals concerning whom identifiable information is recorded by enacting principles of information practices in furtherance of articles I, III, IV, V, IX, X, and XIV of amendment to the U.S. Constitution; to the Committee on the Judiciary.

By Mr. GOLDWATER (for himself, Mr. KOCH, Mr. HUDNUT, Mr. HUNGATE, Mr. KEMP, Mr. KYROS, Mr. LEGGETT, Mr. LENT, Mr. LITTON, Mr. LONG of Maryland, Mr. LUJAN, Mr. MCKINNEY, Mr. MARTIN of North Carolina, Mr. MELCHER, Mr. MEZVINSKY, Mr. Mitchell of Maryland, Mr. MOAKLEY, Mr. MYERS, Mr. NIX, Mr. O'BRIEN, Mr. O'HARA, Mr. OBEY, Mr. OWENS, Mr. PEPPER, and Mr. PODELL):

H.R. 15526. A bill to protect the constitutional right of privacy of individuals concerning whom identifiable information is recorded by enacting principles of information practices in furtherance of articles I, III, IV, V, IX, X, and XIV of amendment to the U.S. Constitution; to the Committee on the Judiciary.

By Mr. GOLDWATER (for himself, Mr. KOCH, Mr. RANGEL, Mr. REES, Mr. REGULA, Mr. RONCALLO of New York, Mr. ROSENTHAL, Mr. ROUSSELOT, Mr. ROYBAL, Mr. RYAN, Mr. SARASIN, Mr. SARBANES, Mrs. SCHROEDER, Mr. STOKES, Mr. STUDDS, Mr. SYMINGTON, Mr. SYMMS, Mr. THOMPSON of New Jersey, Mr. THONE, Mr. TIERNAN, Mr. VEYSEY, Mr. WHITEHURST, Mr. CHARLES H. WILSON of California, Mr. CHARLES WILSON of Texas, and Mr. WON PAT):

H.R. 15527. A bill to protect the constitutional right of privacy of individuals concerning whom identifiable information is recorded by enacting principles of information practices in furtherance of articles I, III, IV, V, IX, X, and XIV of amendment to the U.S. Constitution; to the Committee on the Judiciary.

By Mr. GOLDWATER (for himself, Mr. KOCH, Mr. FASCELL, and Mr. LAGOMARSINO):

H.R. 15528. A bill to protect the constitutional right of privacy of individuals concerning whom identifiable information is recorded by enacting principles of information practices in furtherance of articles I, III, IV, V, IX, X, and XIV of amendment to the U.S. Constitution; to the Committee on the Judiciary.

By Mr. HAMMERSCHMIDT (for himself, Mr. THORNTON, Mr. MILLS, and Mr. ALEXANDER):

H.R. 15529. A bill to amend title 23, United States Code, to authorize demonstration program for the purpose of eliminating highway railroad grade crossings; to the Committee on Public Works.

By Mr. McCLOSKEY:

H.R. 15530. A bill to terminate the Airlines Mutual Aid Agreement; to the Committee on Interstate and Foreign Commerce.

By Mr. MATHIS of Georgia:

H.R. 15531. A bill to adjust target prices established under Agriculture and Consumer Protection Act of 1973, as amended for 1974 through 1977 crops of wheat and feed grains to reflect changes in farm production costs; to the Committee on Agriculture.

H.R. 15532. A bill to amend section 210 of the Federal Property and Administrative Services Act of 1949 by repealing the authority of the Administrator of General Services and of certain executive agencies to charge an accoupant of a Federal building for the use of such building; to the Committee on Government Operations.

H.R. 15533. A bill to amend the Internal Revenue Code of 1954 to provide individuals one additional income tax exemption for each dependent who is handicapped; to the Committee on Ways and Means.

By Mr. MAYNE (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. BERGLAND, Mr. BURLISON of Missouri, Mr. CULVER, Mr. DENHOLM, Mr. DUNCAN, Mr. EVANS of Colorado, Mr. FROEHLICH, Mr. FULTON, Mr. JONES of Tennessee, Mr. GUYER, Mr. HANSEN of Idaho, Mr. MATHIS of Georgia, Mr. McCOLLISTER, Mr. RAILSBACK, Mr. ROUSH, Mr. SEBELIUS, Mr. SMITH of Iowa, Mr. THONE, Mr. THORNTON, Mr. TREEN, Mr. CHARLES WILSON of Texas and Mr. ZWACH):

H.R. 15534. A bill to amend the Consolidated Farm and Rural Development Act to establish a loan insurance program for livestock producers and feeders; to the Committee on Agriculture.

By Mr. MOAKLEY:

H.R. 15535. A bill to provide for the receipt of testimony and information from executive agencies and bodies; to the Committee on the Judiciary.

By Mr. OBEY:

H.R. 15536. A bill to amend section 5051 of the Internal Revenue Code of 1954 (relating to the Federal excise tax on beer); to the Committee on Ways and Means.

By Mr. PARRIS (for himself, Mr. COLLINS of Texas, Mr. BEVILL, Mrs. HOLT, Mr. SHOUP, Mr. KEMP, Mr. KETCHUM, Mr. BROYHILL of Virginia, Mr. BAFALIS, Mr. TREEN, Mr. SARASIN, Mr. PODELL, Mr. BURGENER, Mr. MILFORD, and Mr. HUBER):

H.R. 15537. A bill to prohibit foreign assistance to India until India becomes a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons; to the Committee on Foreign Affairs.

By Mr. PODELL:

H.R. 15538. A bill to amend the Internal Revenue Code of 1954 to allow handicapped individuals a deduction for certain commuting expenses; to the Committee on Ways and Means.

By Mr. PRICE of Illinois (for himself, Mr. ANNUNZIO, Mr. ANDERSON of Illinois, Mr. HARSHA, Mr. HILLIS, Mr. BRAY, Mr. METCALFE, Mr. HANRAHAN, Mr. DERWINSKI, Mr. KLUCZYNSKI, Mrs. COLLINS of Illinois, Mr. McCLORY, Mr. FINDLEY, Mr. GRAY, Mr. MOSHER, and Mr. MINSHALL):

H.R. 15539. A bill granting the consent of Congress to the Midwest Interstate Nuclear Compact, and for related purposes; to the Committee on the Judiciary.

By Mrs. SULLIVAN (for herself, Mr. GROVER, Mr. DINGELL, Mr. DOWNING, Mr. MOSHER, Mr. GOODLING, Mr. CLARK, Mr. ROGERS, Mr. McCLOSKEY, Mr. MURPHY of New York, Mr. JONES of North Carolina, Mr. FORSYTHE, Mr. LEGGETT, Mr. DU PONT, Mr. BIAGGI, Mr. ANDERSON of California, Mr. DE LA GARZA, Mr. KYROS, Mr. TREEN, Mr. METCALFE, Mr. BREAUX, Mr. YOUNG of Alaska, Mr. LAGOMARSINO, Mr. STUDDS, and Mr. PRITCHARD):

H.R. 15540. A bill to extend for two years the authorization for appropriations to implement title I of the Marine Protection, Research, and Sanctuaries Act of 1972; to the Committee on Merchant Marine and Fisheries.

By Mr. TIERNAN:

H.R. 15541. A bill to prohibit the military departments from using dogs in connection with any research or other activities relating to biological or chemical warfare agents; to the Committee on Armed Services.

By Mr. TIERNAN:

H.R. 15542. A bill to amend title 38 of the United States Code in order to provide financial assistance for the establishment and maintenance of State veterans' cemetries; to the Committee on Veterans' Affairs.

By Mr. RANDALL:

H.R. 15543. A bill to terminate the suspension of quotas on meat imports and for other purposes; to the Committee on Ways and Means.

By Mr. STEED:

H.R. 15544. A bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending June 30, 1975, and for other purposes.

By Mr. ARCHER (for himself, Mr. ABDNOR, Mr. BAFALIS, Mr. BURGENER, Mr. CLANCY, Mr. DERWINSKI, Mr. DEVINE, Mr. DUNCAN, Mr. HASTINGS, Mr. HELSTOSKI, Ms. HOLT, Mr. HOSMER, Mr. MURTHA, Mr. POWELL of Ohio, Mr. ROE, Mr. RUNNELS, Mr. WARE, Mr. CHARLES WILSON of Texas, and Mr. WON PAT):

H.J. Res. 1071. Joint resolution proposing an amendment to the Constitution of the United States requiring the submission of balanced Federal funds budget by the President and action by the Congress to provide revenues to offset Federal funds deficits; to the Committee on the Judiciary.

By Mr. MINSHALL of Ohio:

H.J. Res. 1072. Joint resolution to provide for the reappointment of Dr. Caryl P. Haskins as Citizen Regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

H.J. Res. 1073. Joint resolution to provide for the reappointment of Dr. William A. M. Burden as Citizen Regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

H.J. Res. 1074. Joint resolution to provide for the appointment of Dr. Murray Gell-Mann as Citizen Regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

By Mr. ROYBAL (for himself and Mr. WHITE):

H.J. Res. 1075. Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

501. The SPEAKER presented a memorial of the Legislature of the Commonwealth of Massachusetts, relative to Federal regulation of the travel agency industry; to the Committee on Interstate and Foreign Commerce.