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ly 80 percent of the 437 subscribers of the company will enjoy one-party service and the remaining 20 percent will have two-party service. Direct distance dialing will be available to all.

It is significant in this changeover that a loan from the REA, under its telephone loan program, will play a major role. REA loans have and continue to be an effective stimulus in telephone upgrading operations. In fact, the demand by rural people nationwide has been for more and improved telephone service. This is reflected in REA telephone loans for fiscal year 1967 which totaled about \$110 million of which more than \$71.5 million was for upgrading and other system improvements. The loans made during the year include provision for improved grades of service for 107,500 present subscribers.

Telephone communications for rural people in Pennsylvania have come a long way since REA made its first telephone loan in the State just 12 years ago. Since then, REA has approved more than \$33 million in telephone loans to 26 Pennsylvania borrowers. These borrowers reported that by January 1, this year, they had placed in operation 78 automatic dial exchanges to serve better the needs of their rural subscribers.

Altogether, the Pennsylvania borrowers serve some 74,000 subscribers.

REA and its telephone borrowers have moved past their old target of eight-party rural service. Presently, the trend is toward a minimum provision of four-party rural telephone systems, with more and more all one-party systems emerging. The long-range objective of the REA telephone program is all single-party systems and the achievement of service and rates for rural people comparable to that enjoyed by urban people.

The telephone borrowers have made solid advances in improving the service for rural people but they are still far short of the objective of a parity of rates and service for rural people. This conversion to dial of the last magneto exchange in my State is a step toward fulfillment of that goal.

HOUSING DEVELOPMENT CORPORATION

Mr. MONDALE. Mr. President, the need for adequate, safe housing is one of the most critical facing our Nation. New approaches and techniques are necessary if we are to redress the present imbalance, providing decent homes not only to the middle class, but also for those of modest means. The Housing Development Corporation represents such an aggregation of novel ideas.

The Housing Development Corporation represents a new alliance for housing progress, including business and the community.

The Office of Economic Opportunity's housing program staff has led the way in assisting interested groups in developing their own variations on the Housing Development Corporation theme.

OEO-sponsored Housing Development Corporations have replaced the fragmented approach imposed by disjointed pieces of housing legislation with a comprehensive outlook, based on the total

needs of the family, not only for brick and mortar, but for social services as well.

The corporation, through its technical assistance services, has enabled local civic, church and labor groups to wend their way through the mass of Federal regulations and apply successfully for FHA insurance necessary for establishing low-income housing ventures.

Mr. President, I ask unanimous consent to the insertion in the RECORD of the remarks of Michael J. Mazer, Deputy Director, Housing Programs, Office of Economic Opportunity, on OEO experience with the Housing Development Corporation.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

OEO AND THE HOUSING DEVELOPMENT CORPORATION

(Remarks by Michael J. Mazer, Deputy Director, Housing Programs, Office of Economic Opportunity, at the National Conference on Development Funds and Non-profit Housing Development Corporations, sponsored by Urban America, Monday, November 21, 1967, Chicago, Ill.)

Housing development corporations have been the main feature of OEO's Community Action demonstration program in housing this past year. They represent a convergence of several different interests. In part they are an attempt to upgrade the capabilities of the nonprofit sponsor. In part, they are an attempt to create institutions which effectively advocate for poor people in the housing system. And in part they are an attempt to relate housing programs to other Community Action efforts as part of a coordinated attack on poverty.

Of these different strands, the problem of the nonprofit sponsor is the most obvious. Virtually all housing professionals agree that many of the problems facing the 221(d)(3), Rent Supplement, and 221(h) programs stem from the inability of many, if not most, nonprofit sponsors to deal with complex real estate issues. Well-intentioned and energetic though many of them are, nonprofit sponsors seldom have the expertise or the access to short-term capital which successful project development requires. Nor do they have the savvy necessary for effective operation in urban real estate markets.

This is not to say that the *only* problem is the nonprofit sponsor. An often reluctant FHA, with cautious underwriters and time-consuming procedures, clearly contributes to the difficulties these programs have in many areas. Nonetheless, we all spend too much time on that particular convenient whipping boy. It is only in the last year or so that we have given concerted attention to nonprofit sponsors and how to provide them with effective resources to deal with low and moderate income housing programs.

The housing development corporation is a way of aggregating resources for the nonprofit sponsor. It brings together the lawyers, architects, financial analysts, and real-estate and construction specialists needed to prepare applications for FHA and to shepherd them through the processing stages. With the right kind of men, it can provide the entrepreneurial drive which the private market has yet to supply for low-income housing. Equally important, it can aggregate capital in a revolving fund, that all-important seed money without which nothing can get started. By bringing together these human and financial resources, the development corporation becomes a new base of support for other institutions. Existing nonprofit groups—churches, labor unions, and civic associations—can draw on the corporation for talents which they are unable to

muster themselves; and they in turn become the formal mortgagor entities.

Although technical assistance is a basic function of the development corporation, it is by no means its only purpose. If it were, other devices might be just as effective. Competent packagers, if sufficiently rewarded by a percentage of the final mortgage, could probably do the job. Non-profit sponsors could call on such assistance and pay for it when it succeeded. This is the way many housing projects for the elderly (under Section 202) receive their technical assistance; and I am sure that similar devices are periodically considered by FHA for their own programs.

OEO conceives of the development corporation in much broader terms than the provision of technical assistance. It sees this new institution as an advocate for poor people in the housing system. In most, and perhaps all, cities, the poor have no way of affecting housing policy. Local housing authorities speak to, not for, poor people. Boards of commissioners are appointed as part of local political processes. They do not, and were not intended, to represent poor people. Nor do local renewal agencies or local banks or local FHA offices. Community Action Agencies, by contrast, were created specifically to deal with poor people's problems in a coordinated and comprehensive way. They were created to represent poor people and their problems. Whatever their shortcomings, and I suspect we at OEO are more aware of them than even their most vigorous critics, I know of no other local agencies which are either more concerned about or more representative of poor people. We see the housing development corporation extending to a special purpose this general idea of Community Action. We see it pushing, prodding, and persuading other specialized housing agencies to deal more effectively with the housing problems of poor people. And we see it bringing together various community resources for a coherent attack on these housing problems.

These purposes can be served in several different ways. In every community there are potential resources for low-income housing development. Banks, labor unions, real estate firms and associations, lawyers, politicians, and construction firms all have contributions to make. They are seldom brought together in a single forum to discuss these problems, much less to act upon them. They are virtually never brought together with the poor people their contributions are intended to serve. We see the boards of directors of housing development corporations serving this purpose. We see them as diverse and representative bodies, creating new coalitions to give impetus to low-income housing programs. We see them speaking for, not to, poor people.

Similar purposes can be served at other levels. The disparate agencies which deal with low-income housing often have little or no contact with one another. Many simply do not know what the others are doing. The development corporation, focusing on the entire housing problem of poor people in its area, can do much to encourage coordination. It can suggest ways of using FHA and public housing programs together. It can relate housing development to code enforcement, urban renewal, and other programs of city agencies. More than that, it can play a direct role in cooperative efforts with other agencies, utilizing its specific skills to supplement their programs. In Philadelphia, for instance, the housing development corporation is acting as acquisition agent for many of the houses to be rehabilitated under the Philadelphia Housing Authority's massive used house program. Its flexibility will permit the housing authority to acquire many units more rapidly and less expensively than it could by itself, and in that way, make feasible a program which might otherwise have been unworkable.

Although we hope that much of the work

of development corporations will involve coordination rather than conflict, we realize that advocacy for the poor will sometimes lead to vigorous public disagreement with other public and private agencies. There can be no question about the legitimacy and importance of this role. In many places, housing agencies are no more responsive to poor people and their problems than other old-line agencies. At least one aspect of Community Action is persuasion of such agencies to operate in ways more responsive to and effective for poor people. If that involves public criticism and open conflict, we must accept it as a necessary part of the process of institutional change. At the same time, we must realize that long range results depend upon the cooperation of specialized housing agencies at all levels—local, State, and Federal—and that cooperation does not ordinarily follow swift kicks in the shin.

In the long run, we hope that the work of these corporations will encompass more than the development of housing. Perhaps the most important related area is housing management. Until quite recently most of the discussion of low-income housing concentrated on housing development; how many units could be built by whom at what cost. Within the last year, however, there has been increasing concern about the management of housing for poor people. Put more broadly, we are all suddenly more aware of feelings among poor people, and especially among poor black people, about their lack of control of the environment around them. These deeply hostile feelings clearly extend to housing. They are expressed constantly in vandalism and periodically in widespread destruction. If these feelings are to change, tenure and management patterns must change.

The most effective remedy is ownership. The response to Senator Percy's initiatives and the Senate housing subcommittee's bill indicate there is widespread support for programs to encourage ownership among poor people. We can probably expect legislation of this sort within the next year. Yet we all realize that it will take a very long time for such programs to reach large numbers of people. In the short run, we have to look for ways in which the management of housing is more responsive to poor people's needs and problems. We have to look for ways of giving poor people a say in the management of the housing they occupy. Devices like management committees, advisory bodies, and the employment of tenants by housing management firms all point in this direction. Corporations of tenants to manage their own housing is an even fuller and potentially much more effective step. Such an approach would put management fees in the tenants' pockets, and, more important, would allow them some meaningful measure of control over their houses.

The ability of corporations created for housing development to implement management programs will vary from situation to situation. Some corporations will themselves be sponsors and can create such management programs directly. Others can urge them upon nonprofit sponsors they have assisted, most of whom will have little idea of how to manage their newly acquired properties. Still others will be able to assist and encourage neighborhood groups which want to affect housing management but don't know how to proceed.

In addition to the need for new approaches to management, it is urgent that housing programs be linked to human services and community development. We think that housing development corporations, particularly if they are delegate agencies of Community Action Agencies, can do this. They can develop employment training programs that are part of their rehabilitation and new

construction efforts, or they can relate to ongoing training programs of other agencies. They can use their leverage in the housing markets to help break down some of the barriers in the building trades unions. They can develop block organizations around their newly developed housing, or can assist the neighborhood programs of the Community Action Agency in doing so. Finally, they can use their housing programs to achieve related goals like open occupancy, either directly or through assistance of sponsors who wish to produce integrated housing.

With these many complex goals, how likely are development corporations to achieve their aims? For the central goal—the development of housing—we are confident that the corporations will do a good job. It is true that start-up problems, as in any institution-building, require an initial grace period for each of the corporations. Yet once they are well underway, the results are striking.

Take, for instance, the low-income housing development corporation in North Carolina. In the period between the inception of the 221(d)(3) program and the beginning of the corporation's work, only 380 units had been completed or begun in the entire State. Against this, the corporation set a relatively modest goal of 800 units in a period of roughly two and a half years. Now, after just a little more than a year of operation, that goal has been increased to a realistic minimum of 1800 units (worth \$17,800,000) and a hopeful maximum of 3950 units (worth \$40,325,000). If we take 1800 units as the expected outcome, a total OEO investment of \$450,000 in administrative costs and revolving funds will have produced some 40 times its value in housing. The administrative costs themselves, some \$200,000, are little more than 1% of the expected minimum value of housing to be produced. This represents to us the very small but necessary expenditure required to make other Federal programs work more effectively for poor people.

A secondary, but no less important, effect of the North Carolina corporation's work is widespread interest in these housing programs. The corporation's operations were initially limited to four medium-sized cities. But its early successes and effective staff work created interest elsewhere, among potential nonprofit sponsors, city officials, and the private sector. As a result, the corporation has now expanded its operations to the entire State. It has also begun to explore rural housing programs. These ripple effects are creating a broader base for effective housing programs throughout the State.

The Philadelphia Housing Development Corporation is another example of what we can expect once initial start-up problems are solved. Its first annual report, for 1966, lists some 850 units in process, worth approximately \$10,000,000. These include the first new residential construction in recent memory in one ghetto neighborhood, a group of houses rehabilitated by the corporation and sold under 221(d)(2), the bulk of the houses financed under a special mortgage fund created for the ghetto by the city's four largest mutual savings banks, a number of 21(d)(3) projects by nonprofit sponsors, several houses rehabilitated by a neighborhood corporation, and one house rehabilitated by Armstrong Cork. This impressive mix of approaches has been augmented this year by the acquisition of properties needing minimal rehabilitation, a 221(h) program, several Rent Supplement commitments, and the corporation's participation as acquisition agent in the Philadelphia Housing Authority's 5000-unit used house program.

The Washington Housing Development Corporation, now about six months into operation, is developing a number of different

projects. The most controversial, rehabilitation of 290 units in three large deteriorated buildings in the heart of the ghetto, is still under negotiations with FHA. Others include the development of 1100 new units in Northeast Washington, several hundred units outside the city in the metropolitan area, and a number of smaller parcels within the city.

On the basis of these and other experiences, we are understandably optimistic about the corporations' abilities to produce housing. At the moment, we can see two major problems for the future. The first, as always, is money. In some instances, we have been able to put up a small amount of money for a revolving fund. These were in our earlier grants, like North Carolina. It is now evident, as it has been for the last year, that OEO will be unable to do this on a regular basis. We simply do not have enough money. As a result, the corporations which we supported this last year received only administrative expenses from OEO, and, in some instances, a small amount of money for interest to start borrowing a revolving fund. In the future, given our funding situation, it is clear that OEO will be able to provide only administrative costs.

OEO-funded development corporations will thus have to raise revolving funds themselves. This will require active participation of the rest of the community. Money will have to come from banks, unions, pension funds, foundations, and other community sources. This involvement of the rest of the community can be a tremendous advantage. It is, after all, part of the basic notion of Community Action. At the same time, it means that our development corporations will be unable to function effectively until they can raise money for their revolving funds. Without short-term capital, their flexibility is sorely hampered and their volume severely curtailed. The ability of the Philadelphia Housing Development Corporation to move quickly has clearly been aided by the \$2,000,000 which the city put up for a revolving fund. The start-up problems of the Washington corporation, on the other hand, can in large measure be traced to its lack of capital. When the Washington community completes the task of putting together a development fund, a process now well under way, the effectiveness of the corporation will surely be enhanced.

The other problem with OEO funding is the Congressional limitation on salaries. Our legislation restricts salaries under the Community Action program to a maximum of \$15,000 from OEO grants. It will undoubtedly be difficult to recruit the necessary top caliber personnel at such salaries. Communities will have to raise additional money, either from public or private sources, to augment OEO money if development corporations are to become the effective housing institutions we envisage. This has been the pattern thus far, and will have to continue under any expanded program.

In addition to the practical problem of money, there is a conceptual problem of the appropriate level of operation. All the programs I have described operate at citywide, metropolitan, or statewide levels. We have also funded several neighborhood development corporations, and have encouraged the larger corporations to work with neighborhood affiliates. Thus far, programs at the neighborhood level are having a more difficult time than their bigger brothers. Although much more evidence has to be accumulated before final programmatic conclusions can be drawn, it may well be that the neighborhood is not the appropriate level for aggregating housing development resources. It may be too difficult to attract the right kind of personnel to neighborhood operations or to plug neighborhood corporations into the citywide nexus of institutions that affects housing development.

At the same time, it is clear that neigh-

borhood corporations can more effectively deal with social services and community organization than citywide corporations can. Larger institutions are of necessity more removed from neighborhood people. They are not perceived by neighborhoods as *their* organizations. We thus expect that corporations based in neighborhoods can do a better job with management and community development programs. Neighborhood groups can effectively organize tenant management corporations, recruit for job training programs, create block organizations, and involve residents as program participants. The most effective long range pattern may well be for citywide corporations to concentrate on developing housing and for neighborhood groups to concentrate on managing and maintaining properties and administering related programs.

Housing development corporations have not yet operated for a long enough time for us to know how effective they will be in linking housing programs to the rest of Community Action. In these early stages, their activities have correctly, and almost entirely, concentrated on the difficult and complex problem of building, acquiring, and rehabilitating housing. At project proposal-writing and reviewing stages all of us consistently underestimate how difficult those tasks will be. We always expect corporation staffs to have time left over for other purposes. Thus far that extra time has been scarce and programs over and above housing limited.

There are, however, steps in that direction. Philadelphia has used Neighborhood Youth Corps enrollees in cleaning, sealing, and rehabilitation. It has a full-time community worker dealing with neighborhood groups. Washington has wide-ranging contacts among community groups in the area in which it is operating; it has effectively gained their support of its program. It has helped the Community Action Agency neighborhood workers organize people seeking better city code enforcement. In St. Louis, neighborhood residents have been employed as painters and tilesetters; neighborhood workers have helped residents of newly rehabilitated housing deal with financial and personal problems. A home maintenance school trains residents and lends them tools to fix their houses. All of these bits and pieces are inklings of what we can expect in larger volume in the future. Once the housing development process becomes more regularized, we can expect the corporations to forge progressively more effective linkages with other aspects of Community Action.

We think these linkages are crucial, just as we think the corporation's role as advocate for poor people is crucial. We think this is OEO's important contribution to the housing development field. We think this is what differentiates the development corporation from the development fund. We think this approach is sound and in the long run will make more meaningful use of housing programs for poor people.

The response to the development corporation has been widespread and enthusiastic. Cities all over the country have asked for OEO assistance in developing such institutions. Large numbers of cities have proposed development corporations in their Model Cities applications. We think this response is evidence of a widely felt and crucial need.

OEO is now ready to move to a larger program of development corporations. The demonstration phase is over; it is time for more widespread action. As you all know, our legislation is still pending. The Senate version gives Community Action Agencies explicit encouragement to create housing service and development organizations as delegate agencies. The House version expresses the same intent more generally. We hope that the final legislation will include this encouragement, as well as the fund to make the hope reality. For that, we can only wait and see.

JUDICIAL CONFERENCE OF THE AMERICAS

Mr. TYDINGS. Mr. President, the chief justice of the Supreme Court of Puerto Rico, the Honorable Luis Negrón-Fernández, addressed the National Institute on International Law in New Orleans on September 29. I have had the opportunity to read that address and I want to share Chief Justice Negrón-Fernández' ideas with my colleagues.

The chief justice is also the President of the Judicial Conference of the Americas. In his speech he recounted the development of that body and its efforts in behalf of an independent judiciary and the rule of law in the administration of justice throughout this hemisphere.

I commend this speech to the Senate, and ask unanimous consent that text of the remarks of Chief Justice Negrón-Fernández to the National Institute on International Law be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE JUDICIAL CONFERENCE OF THE AMERICAS: ALLIANCE FOR JUSTICE

(Address by Chief Justice Luis Negrón-Fernández, of the Supreme Court of the Commonwealth of Puerto Rico, President, Judicial Conference of the Americas, Friday, September 29, 1967)

In the Spring of 1965 the Chief Justices of twelve Latin American countries—Argentina, Colombia, Costa Rica, Chile, Nicaragua, Paraguay, Ecuador, Guatemala, Honduras, Peru, Uruguay and Venezuela—met during the 14th Conference of the Interamerican Bar Association, in San Juan, with Associate Justice William O. Douglas of the Supreme Court of the United States, under the chairmanship of the Chief Justice of the Supreme Court of the Commonwealth of Puerto Rico in a historic meeting known as the First Judicial Conference of the Americas.

After two working sessions of exchange of ideas and discussion on the topic of Judicial Independence, the Conference adopted the following Declaration of Principles:

"The First Judicial Conference of the Americas, assembled in the City of San Juan Bautista de Puerto Rico from May 24 through 26, 1965, consisting of Chief Justices and Justices of the Supreme Courts of Justice of most of the countries of America, being aware that a stable judiciary, free from interference and pressure of any nature, is of paramount importance for the Rule of Law in a representative democracy, assumes its historic responsibility in the strengthening of democracy and solemnly declares—

First: A vigorous and independent judiciary is a fundamental requisite, a basic element for the very existence of any society that respects the Rule of Law. Judicial independence should be secured by means of legal and constitutional guarantees that render impossible any interference or pressure of any nature with the judicial function.

Second: The judges and other judicial officers should be selected on the basis of their ability and integrity; political or partisan criteria should not be used in the selection of the members of the judiciary. For the attainment of these goals, taking into consideration the particular judicial structure of each state, adequate mechanisms are needed to make the principles necessary for judicial independence a reality.

Third: Security in office is an essential element for the achievement of true judicial independence. Judges should not be removed

from office except for constitutionally established reasons and by due process of law.

Fourth: The economic autonomy of the Judicial Power, based on resources that permit the fulfillment of its high mission, should be constitutionally recognized. Judges should receive adequate compensation in order to free them from the pressures of economic insecurity. This compensation should not be altered to their detriment.

Fifth: It primarily behooves the lawyers, as auxiliaries of the judiciary, to make sure that the principles contained in this Declaration are truly achieved and maintained.

Sixth: Judicial independence in America will be greatly strengthened by the creation and development of permanent professional organizations and by the interchange of ideas and experiences through international congresses and conferences.

This Declaration of Principles shall be known as the Declaration of San Juan de Puerto Rico.

Signed in the City of San Juan Bautista de Puerto Rico on this twenty sixth day of May in the year of nineteen sixty five.

The Bar Association of Puerto Rico endorsed and adopted as its own the Declaration of San Juan, in the understanding that it was its historic responsibility to do so, and obliged itself to be a guardian of the principles therein stated.

The Declaration was also endorsed by the Conference of Chief Justices of the United States, and by the American Bar Association in General Assembly, at their 1965 meetings in Miami.

The International Commission of Jurists, in the June 1966 issue of its Bulletin, commented on the Conference and the Declaration:

"Together with other gratifying moves such as the creation of the Latin American Parliament . . . and the trend towards economic integration, which has taken concrete form in the establishment of various regional bodies such as the Latin-American Free Trade Association, the Central American Common Market and the Institute for the Integration of Latin America, this Conference reveals the existence of a clear awareness among the governing and educated classes in Latin America of the need to coordinate and harmonize national efforts for the effective promotion of the Rule of Law, reflects a genuine and well-founded respect for the principles underlying it, and recognizes that a system founded on the Rule of Law is the sole safeguard for human rights."

Mr. Justice Douglas speaking at the Judicial Conference Dinner hailed the adoption of the Declaration saying "A hundred years from now this Declaration will be regarded as a landmark in creating judicial stability in the Americas and as a document comparable in significance to the Magna Carta itself."

It is too soon to pass judgment now on this prediction, but never before in history the highest judicial officers of the hemisphere had spoken in concert to the man of the Americas, and to governments as well, on the necessity of an independent judiciary as one of the fundamentals of a democratic system, as a *sine qua non* for the prevalence of the Rule of Law and the administration of justice in a Free Society.

The Declaration of San Juan is more than a Declaration of principles: it is a call to the conscience of the people and of the governmental, political and military leaders of the hemisphere to honor the Rule of Law, to respect the judicial function by abstaining from any interference and pressure of any nature, a pronouncement intended to promote judicial stability and develop political restraint. It is not only a statement of generally accepted norms and aspirations founded in the values of judicial independence. It is a mutual promise, a common purpose, a firm determination of the judiciary of the hemisphere to give vertical support to